

**Financials Rai 2014**

**Reports and Financials  
as at 31 December 2014**





# Reports and financial statements as at 31 December 2014



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# Introduction

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# Corporate Bodies

## ***Board of Directors <sup>(1)</sup>***

Chairman	Anna Maria Tarantola
Directors	Gherardo Colombo Rodolfo de Laurentiis Antonio Pilati Marco Pinto Guglielmo Rositani Benedetta Tobagi Luisa Todini <sup>(2)</sup> Antonio Verro
Secretary	Nicola Claudio

## ***Board of Statutory Auditors***

Chairman	Carlo Cesare Gatto
Statutory Auditors	Domenico Mastroianni Maria Giovanna Basile
Alternate Statutory Auditors	Liana Meucci Pietro Floriddia

## ***General Manager***

	Luigi Gubitosi
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## ***Independent Auditors***

	PricewaterhouseCoopers
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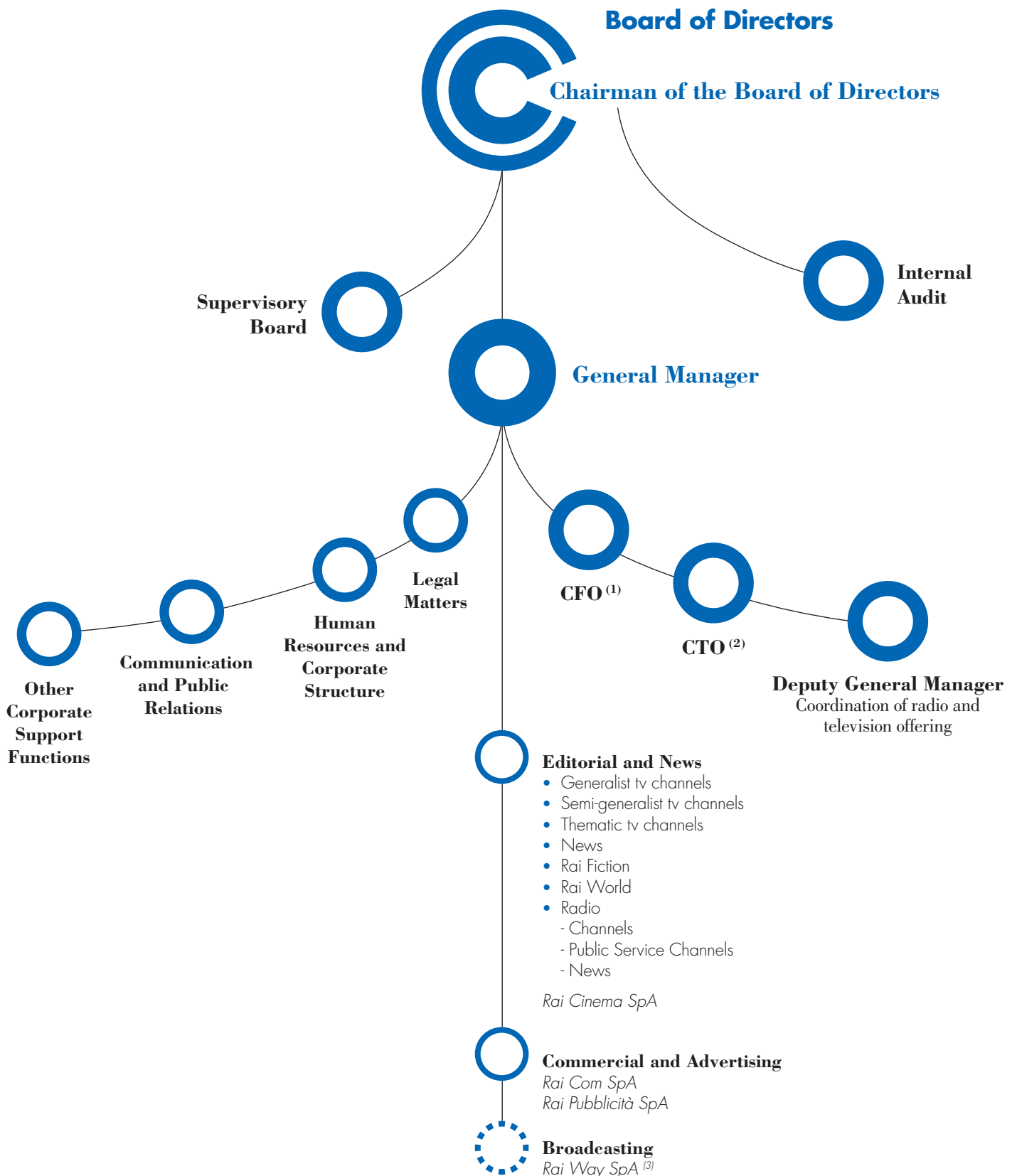
<sup>(1)</sup> Nomination expires on approval of financial statements as at 31 December 2014.

<sup>(2)</sup> Resigned on 20 November 2014, with immediate effect.



# Organisational Structure

(summary)



<sup>(1)</sup> The Finance, Planning and Budget, Controller, Administration, Fixed Assets and General Services and Licence Fee functions all report directly to the Chief Financial Officer.

<sup>(2)</sup> The TV Production, Technology Strategy, ICT, Web and Digital Terrestrial TV functions all report directly to the Chief Technology Officer.

<sup>(3)</sup> Listed company since 19 November 2014. Although the company is subject to overall management and coordination by Rai, it manages its activities autonomously, generating revenues from its own client base and using its own competencies, technologies and human and financial resources.



# Letter to Shareholders from the Chairman of the Board of Directors

## *Shareholders,*

2014 was a mixed year for Rai, which started well enough, suddenly became complicated and then finished very well.

Our 2013-2015 Business Plan has focused on three macro objectives: to return to long-term financial stability; to guarantee the excellence of Rai's product offering and to provide Rai with state of the art technology.

Each of these three priority area pillars has been broken down into specific activities as part of a structured and participative managed process with clear objectives and deadlines and with responsibility for each of the results being assigned to accountable managers. This has been an unprecedented process within Rai, which has introduced significant improvement and enabled the Company to set a solid basis on which to re-establish itself.

Significant progress was already apparent in 2013 with the achievement of a balanced budget outcome and maintenance of a sustainable net financial position, following the loss of Euro 246 million suffered in 2012, which had undermined the stability of the Company.

Notwithstanding existing commitments of Euro 95 million in relation to rights for significant sports events, further streamlining of management processes was identified as a key objective for 2014, together with the introduction of development initiatives which, given the lack of available funding, had initially been excluded by this Board of Directors on taking office.

During the early part of the year, the outlook changed significantly: contrary to expectations regarding improvement in the negative general economic conditions, the decline in the advertising market continued and so undermined expectations of revenue growth. In addition, the approval of Decree-law 66 of 24 April 2014, as amended by Law 89/2014, unexpectedly reduced the license fees to be paid to Rai for 2014 by Euro 150 million. The negative effects of these events compounded the impact of non-indexation of the per-unit licence fee and the progressive increase in late and non-paying subscribers.

As a result of the changed circumstances and notwithstanding the further streamlining initiatives, the net result for the interim period was very negative as was the financial position.

In order to counter such trends and avoid having decisions imposed upon us, Rai took action in terms of both normal day to day management activities and extraordinary management activities.

With regard to the former, given the negative advertising revenue trends, further cost cutting initiatives were implemented in relation both to external costs – which were reduced by Euro 80 million with respect to 2013 – and personnel costs.

In terms of extraordinary management activities, Rai took steps to generate value from the Group's strategic and balance sheet assets.

The listing of Rai Way, which attracted the attention of key institutional investors, generated receipts of Euro 280 million and a net capital gain of Euro 228 million for Rai – through sale of 34.93% of the total equity on the stock exchange.

As a result, the year ended with a net Group profit for the year (the most relevant figure) of around Euro 58 million, a substantially level operating result and significantly lower debt (Euro 315 million) compared to 2013. The targets set for the year were therefore fully achieved.

The objectives set in relation to the second pillar of the Business Plan (to maintain position as market leader and strengthen the quality of the product offering), included reinforcement of the public service editorial role, multi-channel development of the free television offering (through adaptation of certain strategic television genres) and creation of increased capacity to exploit the extraordinary potential of the web. These commitments run in parallel with the generation of loyalty among young and dynamic audiences.

2014 saw delivery of high quality content. We all recall the success of *I Dieci comandamenti*; Roberto Benigni provided us with two wonderful intense evenings. But there were many other great programmes, such as, for example, the television drama (fiction) *Qualunque cosa succeda*, about

the Ambrosoli case, which honoured the memory of a great civil servant and hero.

Television drama (fiction) is one of Rai's biggest strengths. It now covers a much broader range of subjects than in the past, including contemporary issues, without forgetting important historical figures and events that have shaped the identity and memory of our country.

Culture, in a non-elite and non-exclusive sense, is firmly at the centre of a new plan to create quality product able to attract new generations. Of a similar nature is the significant and complex challenge that we have taken-on in relation to how we deal with education and school matters.

We could make reference to numerous other news, entertainment and sports programmes all of which, in one way or another, guide and support our country which is in need of positive examples and hope to help build a better future.

The technology pillar which had been overlooked until recently, has received a significant boost from the complete digitalization of national and regional news programmes, the digitalization and transfer to high definition (HD) of traditional audio-video infrastructures and the digitalization of archives and other initiatives which are progressively redesigning the Company's production model and processes.

In just a few years, Rai has taken significant steps to improve a relevant and appropriately scaled internal control and risk management framework, which facilitates decision-making and helps ensure the safeguarding of corporate assets, the efficiency and effectiveness of business processes, the reliability of financial reporting and compliance with relevant legislation, regulations and internal policies.

The Company's organisational model is evolving from being hierarchical to being process-based, which is considered to be a more suitable model to face the challenges of the digital world.

In order to improve coordination, execution, control, appropriation and evaluation of achievement of objectives, the new organizational structure is now split into five Areas, each of which groups together parts of the Company that have similar or strongly related business objectives.

In recent years, therefore, on all fronts, whether financial, editorial or technological, Rai has demonstrated high levels of professional competence and the ability to react successfully to changing circumstances and do well.

Further action is, however, required to achieve future financial stability in a steady and structured manner and this will require an element of change in the nature of activities performed by the Group in delivering its public service mission in a digital context.

We are therefore aware that to ensure Rai's successful future as a media company, it will be necessary to continue to change the organizational and operational structure while remaining true to our editorial approach.

# Parent Company financial statements as at 31 December 2014

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# Board of Directors' Report on Operations

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## Rai Group

### Mission

Rai's mission is defined by its role as **general radio and television Public Service broadcaster**.

In line with relevant national and European legislation and as set out in the Service Contract entered into with the Ministry of Economic Development, as Concession holder, Rai is required to comply with specific obligations regarding the quality and quantity of programming it delivers.

The **Service Contract** currently in force refers to the three-year period 2010-2012 (as confirmed by Article 36 of the contract itself).

Following review by the Parliamentary Oversight Commission for Television Regulation, the relevant parties are currently working through the process to complete the 2013-2015 Service Contract.

The Service Contract provides details of service level obligations and restrictions regarding Rai's editorial activity, which have increased over time.

The Service Contract establishes clear links between Rai, individual citizens and society as a whole, and confirms the importance of Rai's function both as a reference point for the growth of individual citizens and for the creation of a social conscience.

Key editorial themes worthy of note include training and work, news and analysis, social and cultural themes, children and teenagers and sport and entertainment.

Also worthy of note is the attention given to linguistic minorities and the promotion of Italy abroad, both for foreigners and for the numerous Italian communities that live in foreign countries.

### Broadcasting market

#### Market players

2014 was a year of consolidation and reinforcement for the various players in the Italian broadcasting market. While 2013 was the first full digital year in the history of Italian television, 2014 saw a reinforcement of certain trends that had become apparent in previous years and the introduction of important new features in terms of content and service offering and also in terms of market structure.

The key players in the Italian market (Rai, Mediaset, Sky, Discovery and Cairo) all operate in both digital terrestrial and satellite broadcasting, but with different business models. Television and on-line video services are evermore present; they are now provided both by television and non-television operators and are accessible via personal computer, smartphone, tablet, smart tv, decoders and video-game consoles.

In terms of the various alternative platforms, digital terrestrial television is by far the most popular with Italian households with a presence of around 97%. During 2014, the share of households with a Mediaset Premium subscription on such platform decreased to 6.7%, (a decrease of 1.2% compared to 2013).

The market presence of the pay-for-view satellite platform, Sky, has remained at the same levels as at the end of 2013 (around 18%) while the free Tivù Sat platform (a joint venture involving Rai, Mediaset and Telecom Italia Media) continued to grow, reaching a market presence of 7.5% (an increase of 0.8% with respect to 2013).

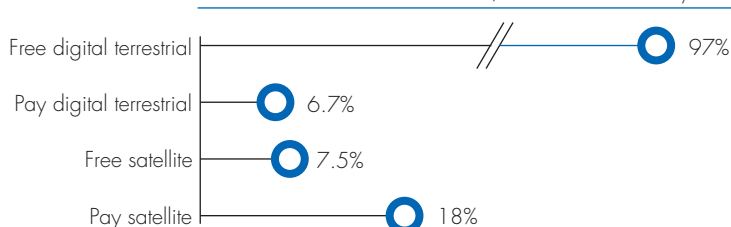
In this generally stable market, the most notable feature has been the significant growth in the on-line business, where all the main television operators are now present.

Services which offer on-demand, live access to television and video through devices connected to the internet have continued to develop and there are signs of increasing public interest in such services, consistent with the experience in other countries

Rai is following a two-pronged approach with regard to this 'over the top' (OTT) market segment. On the one hand, it now has a presence on all the main national and international non-television platforms, through specific commercial agreements promoted by Rai Cinema and Rai Com, and is therefore able to make its highest value products available to the public for payment in parallel with its core television business.

On the other hand, it is preparing the ground to develop its own distribution platform in order to extend and update its capability and expertise as a multi distribution platform media company.

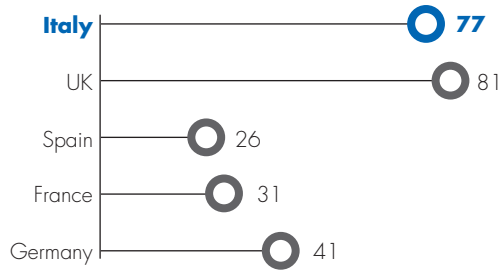
**Presence of different television platforms in Italian households** (source: Auditel and Sky Italia)



In terms of traditional television platforms, the free offering available on digital terrestrial television in Italy is among the most comprehensive of the major European countries, with 77 channels available at national level (plus 11 nationally-significant regional channels), as compared with 81 in the United Kingdom, 26 in Spain, 31 in France and 41 in Germany.

The free satellite platform Tivù Sat has continued to grow in importance. At the end of 2014, it had reached a total of 2.3 million activated cards and 1.9 million households. Household subscriptions to Sky are stable at around 4.5 million and unconfirmed data suggest that the number of Mediaset Premium subscriptions has fallen to 1.7 million.

Number of free national television channels in Europe (in units, source Rai)



New channels worthy of note include:

- Agon channel, which is free on DDT and is also on pay-television;
- Sky Sport Plus and Sky Atlantic (Sky);
- Fox Animation, Fox Comedy and Fox Sport 2 (Fox);
- Crime+Investigation and History channels (USA editor A+E Networks Italy).

Almost all the free channels are also broadcast unencrypted via satellite and can therefore be received through any decoder and platform. Some Rai thematic channels and almost all Mediaset channels are available on satellite television only through the free Tivù Sat platform, while other channels are only available on Sky.

Rai has the most comprehensive and varied television offering. Following significant investment in pay-television, Mediaset has now also significantly increased its free offering. Sky concentrates mainly on its pay-television offering but is investing an increasing amount in Cielo, a free channel, and Sky TG24 DTT (the programming of which is almost identical to its equivalent pay-channel). Fox concentrates on pay-television. Discovery is increasing its free offering through its acquisition of DeeJaytv from the Espresso Group (January 2015).

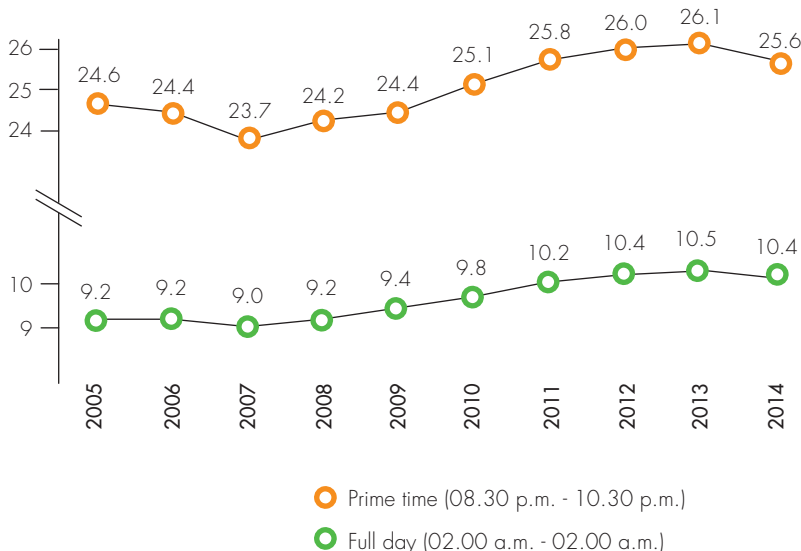
**Viewing figures**

In terms of the volume and distribution of television consumption, 2014 saw a continuation of audience viewing trends begun in previous years. In contrast to falling average daily viewer numbers, (10.4 million in 2014, representing a decrease of 1% with respect to 2013), per-capita television viewing time increased to 5 hours and 20 minutes (an increase of 1%), representing an inversion of a 7 year trend.

The redistribution of viewing shares seen in previous years continued throughout 2014 although less intensely than before. The total share of the seven generalist channels decreased by 2 percentage points to 60%, with increases being recorded in semi-generalist and free thematic channels.

Over the last ten years, generalist channel viewing figures have decreased by 18% in favour of thematic channels.

Changes in average television audience (source Auditel, in millions)



## Revenues

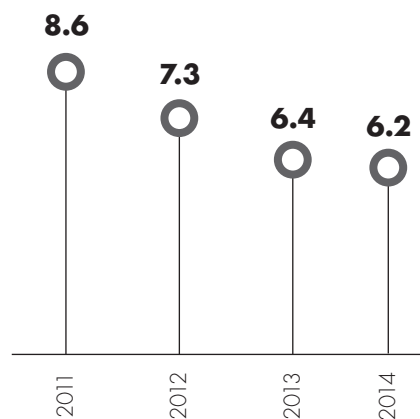
### Advertising revenues

The continuation of the difficult economic situation continued to have a significant impact on the television advertising market.

**Advertising revenues** decreased by 2.7% with respect to 2013, which, while still negative, was an improvement on the prior year trend.

Following the significant losses suffered in recent years, it appears that television advertising – the single biggest generator of advertising revenues – has reached the bottom of its long recessionary cycle.

Advertising market in Italy - total  
(in billions of Euro, source Nielsen)



In this context, and in part due to the advertising related to the football World Cup, Rai performed better than the market as a whole with advertising revenues decreasing by only 1%.

### Licence fee revenues

**Licence fee revenues** decreased by 9.4% in 2014 with respect to the prior period, largely as a result of the reduction of Euro 150 million provided for by Law 89, dated 23 June 2014, about which more will be said in the following section on the legislative and regulatory framework.

The estimated rate of late/non-payment remains particularly high at around 27% – representing at least Euro 500 million – as compared with a European average (including Italy) of around 10%.

## Legislative and regulatory framework

The radio and television broadcasting sector was affected by the following changes in the legislative and regulatory framework during 2014.

### Cost of delivering general radio and television Public Service broadcasts

Article 4 of Law 89, dated 23 June 2014, provided that the license fees to be paid to Rai for 2014 as concession holder, to cover the cost of delivering general radio and television Public Service broadcasts, be reduced by Euro 150 million.

From 2015 onwards, annual amounts to be paid to Rai will be reduced by a further 5%.

It is recalled, in this context, that the Decree of the Ministry for Economic Development and Communication (MISE) dated 17 December, 2013 set the amount to be paid in licence fees for 2014, and confirmed the same amounts set in Ministerial Decree dated 20 December, 2012 without regard to the actual costs incurred to meet the specific obligations of general radio and television Public Service broadcasting.

In 2014, Rai challenged and requested annulment of the Decree in the Lazio Regional Administrative Court. Article 1, Para 293 of Law 190, dated 23 December 2014 had determined that the amount to be paid in licence fees for 2015 should not exceed the level set for 2014.

### Rai Way

Article 21, Para 3 of Decree-Law 66/2014, as amended by Law 89/2014 provides that “for the purposes of streamlining, rationalization and corporate reorganization of the equity investments held by Rai SpA, the Company may proceed with the market sale, in a transparent and non-discriminatory manner, of shares in Rai Way, guaranteeing continuity of the services provided. The processes to be followed for the sale are set out in a Prime Ministerial Decree adopted on the basis of a proposal of the Minister of the Economy and Finance as agreed with the Minister of Economic Development”.

Prime Ministerial Decree (DPCM) dated 2 September 2014 set out the criteria and processes to be followed for the disposal of the investment in the share capital of Rai Way held indirectly by the Ministry of the Economy and Finance (14A07488) (Official Gazette general series no. 229, dated 2 October 2014) and thereby authorized the disposal of the equity investment in Rai Way through initial public offering (IPO).

The DPCM defined the processes to be followed in such a way as to ensure, inter alia, the objectives of the shareholders and the ownership

structure and so guarantee the continuity of service provided by Rai Way SpA to Rai.

In November 2014, following the IPO (which was open to small savers, Rai employees and institutional investors as authorized by the aforementioned DPCM), 34.93% of the share capital of Rai Way was sold through the stock exchange.

As at the reporting date, share capital held by Rai is equal to 65.07% of the total.

Given the Public Service obligations imposed on Rai, on 31 July 2014, Rai renewed the service contract with its subsidiary and, in so doing, entrusted Rai Way on an exclusive basis with the provision of a series of services that enable Rai to comply with its Public Service and content broadcasting obligations.

The agreed duration of the Service Contract is seven years with automatic renewal for further periods of seven years up to a maximum of twenty-one years, subject to either party withdrawing from the contract, having given at least twelve months' notice.

### Exercise of special powers

Decree Law 21/2012 of 15 March 2012 (as amended and converted into Law 56/2012 of 11 May 2012) and related regulations (adopted through Presidential Decrees 85/2014 and 86/2014 both of 25 March 2014) have set the rules regarding special powers over companies involved in strategically important activities in the energy, transport and communications sectors. Such rules provide that the Prime Minister must be informed of:

- a) all decisions and/or operations (on the part of companies holding one or more assets in strategically important sectors) leading to substantive modifications in corporate structures as foreseen by the rules; and
- b) the acquisition of equity shareholdings in any company holding such assets by a party from outside the European Union.

In the case of significant threats to essential national interests, the Prime Minister may:

- i) veto the operations or proposed changes to corporate structures referred to at point a) above;
- ii) within fifteen days of the decision, either require that the terms of any acquisition by a party from outside the European Union be amended to include obligations on the part of the acquiring party to guarantee the protection of such interests, or block the acquisition.

For the purposes of exercising such special powers, strategically important assets in the communications sector are considered to include dedicated

networks and the end-user public access network connected to metropolitan area networks, service routers and long distance networks as well as the equipment used to provide end-user access to services covered by the universal service and broadband services and related contractual relations. Equipment to support (telephone, data and network) connectivity, security, control and management of fixed telecommunications access networks are also included among such assets. On 23 October 2014, the Italian Cabinet approved the proposal of the Minister of the Economy and Finance not to exercise his power of veto in relation to authorisation of the sale of a minority share in the shareholding of **Rai Way** aimed at obtaining a market listing.

### Rai World

Article 21 of Law 89/2014 eliminated the wording "constitution of a company for" from Article 45, Para 2, letter e) of the TUSMAR. As a result, while the production, distribution and broadcast of radio and television programmes abroad remain among the Public Service obligations for which the holder of the Public Service concession is responsible, it is no longer necessary for these to be carried out through constitution of a separate dedicated company. On 29 December 2014 Rai World was merged through acquisition into Rai.

### Regionalisation of the concession for Public Service broadcasting of radio and television programmes

Law 89/2014 requires that Rai produce news and information programmes at a national level and also at a regional level through its own newsrooms and related infrastructure located in each region and autonomous province.

The new Para 3-bis of Article 17 of Law 112/2004 also requires that the regional offices in Bolzano, Trento, Valle d'Aosta and Friuli-Venezia Giulia be autonomous from a financial and accounting viewpoint and act as decentralized production centres to promote local culture and language and that the other regional and provincial centres retain financial and accounting autonomy until a new national corporate structure is defined.

### Limits to rates of pay and emoluments

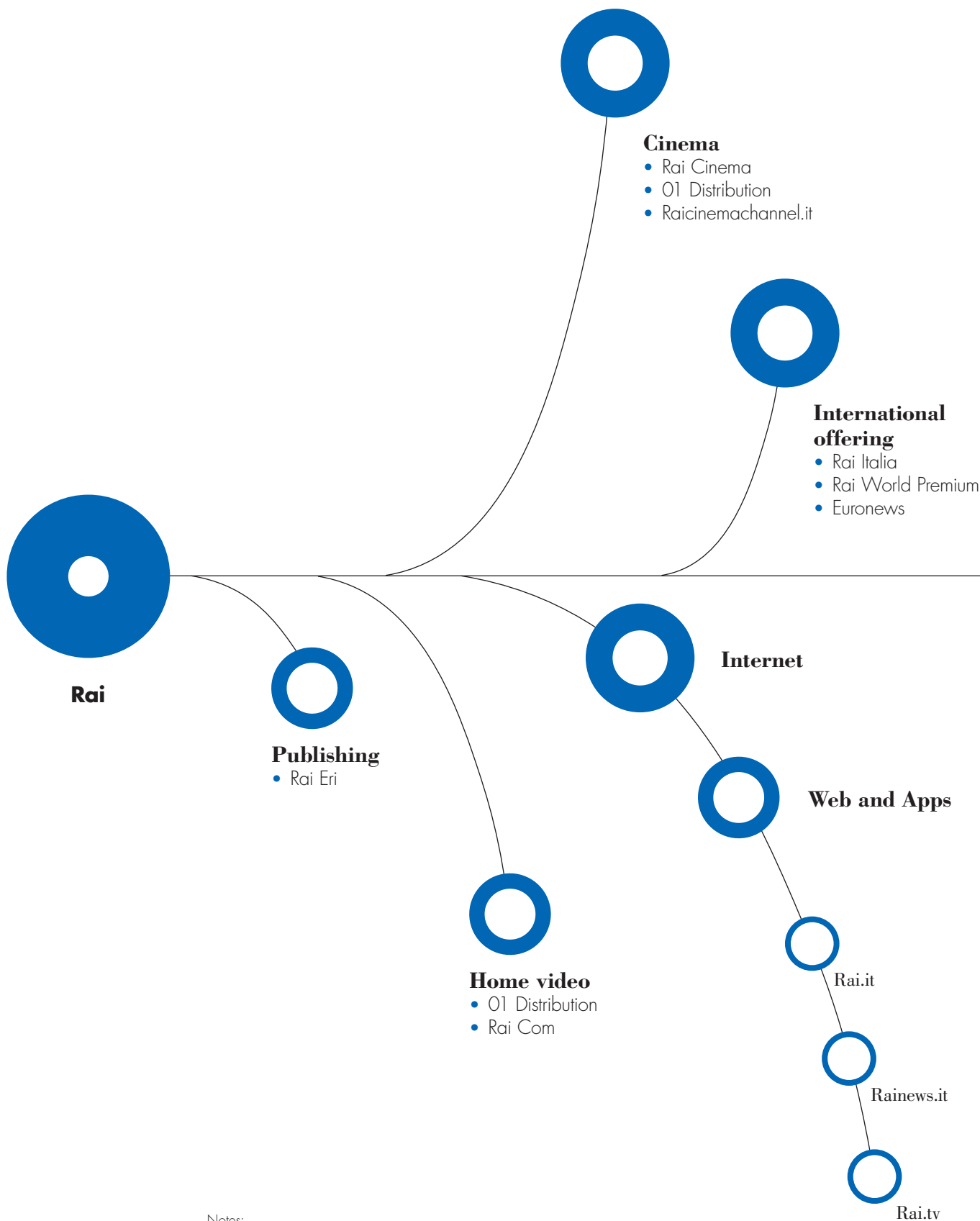
Article 13 of Law 89/2014 has set a maximum limit of Euro 240,000 per annum on all directors' emoluments and employee salaries in companies controlled by the public administration.

## Concession fee

In implementation of Article 3-quinquies of Law 44/2012 of 26 April 2012 and Article 35 of Decree Law 259/2003 of 1 August 2003, on 30 September 2014, AGCOM (through decision number 494/14/CONS) defined the criteria to be used to determine the amount to be paid for the use of terrestrial television frequencies.

In particular, the Authority abandoned the previously used criterion, considered to be superseded at a European level, of setting the fee in relation to the turnover of the company exploiting the frequencies and chose instead as a reference point the amount indicated by the Ministry of Economic Development (decision number 277/13/CONS) as reserve price in the competitive bidding process for assigning the user-rights to the frequencies. On 29 December 2014, by way of Decree, the Ministry for Economic Development (MISE) set an interim amount (calculated as 40% of the total amount paid for 2013) to be paid on account for utilization of terrestrial broadcasting frequencies for 2014; the amount was paid by Rai within the required payment date of 31 January 2015.

## Rai's product offering



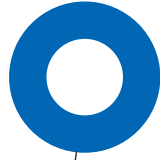
Notes:

<sup>(1)</sup> Television and radio news and information is available on all platforms

<sup>(2)</sup> Can be viewed on DTT

<sup>(3)</sup> Can be viewed on Tivù Sat

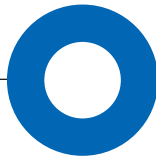
<sup>(4)</sup> Can be viewed on DTT in the areas reached by multiplex 5 and on Tivù Sat



### Radio

- Rai Radio 1
- Rai Radio 2
- Rai Radio 3
- Rai Gr Parlamento
- Rai Isoradio
- Rai Radio FD4 and FD5
- Rai Web Radio 6
- Rai Web Radio 7
- Rai Web Radio 8

### Television



#### Generalist channels

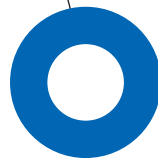
- Rai 1
- Rai 2
- Rai 3
- Rai HD <sup>(2)</sup>
- Rai 1 HD <sup>(3)</sup>
- Rai 2 HD <sup>(4)</sup>
- Rai 3 HD <sup>(4)</sup>

#### Semi-generalist channels

- Rai 4
- Rai 5
- Rai Movie
- Rai Premium

#### Thematic channels

- Rainews24
- Rai Storia
- Rai Scuola
- Rai Sport 1
- Rai Sport 2
- Rai Gulp
- Rai YoYo



### News and information <sup>(1)</sup>

- TG1
- TG2
- TG3
- TGR
- Rai Parlamento
- Rai Sport
- Rainews24
- Rainews.it
- Telegiornale
- Giornale Radio Rai
- Gr Parlamento

## Rai's product

Rai is a complex and multi-faceted editorial, technological and industrial organisation, focused on fulfilling its Public Service mission.

In today's difficult economic climate, the media industry is characterised by rapid and progressive changes in consumption behaviour, expansion and innovation of offerings and changing business models.

In this scenario, Rai has reaffirmed the centrality of its Public Service role while continuing the process of transformation from broadcaster to multi-platform media company.

### Editorial offering

Rai Group is active on all the various platforms in the communications industry and has a wide-ranging and highly articulated offering with broad public appeal.

The Group's current strategy envisages:

- an editorial approach based on a family of channels, each with a specific mission **create and distinguish its own identity** and contribute to Group objectives;
- **creation of a multi-platform offering** able to exploit all opportunities for editorial development, interaction with the audience and innovation in supply, business and distribution models;
- a greater degree of **editorial innovation** in terms of formats, subjects, themes, language, aesthetics, personalities and production models;
- development of operational practices that support and enable the 'transfer' and 're-use' of content in such a way as to meet **public demand to access content on various devices**.

Every day, 42.4 million people in Italy over four years of age, equal to 75% of the population, spend an average of 113 minutes watching a Rai television channel, listening to a Rai radio channel or visiting one of the Rai Group portals.

Compared with other operators:

- at an international level, Rai receives the lowest per-capita licence fee of the main European Public Service broadcasters (Rai – Euro 113.50; France – Euro 133.00; United Kingdom – Euro 175.30; and Germany – 215.70). Compared with Rai's prime-time share of 39.3%, listening/viewing figures for 2013 for the other main Public Service broadcasters were: BBC – 31.5%; France Télévision – 31,5%; and ARD/ZDF - 27,6%;
- at a national level, Rai differs from other commercial and for-pay operators as the Public Service operator is required to create 'value' for the country as a whole.

For Rai, creation of 'value' means: working to strengthen national culture and identity; encouraging the development of greater public awareness; defending the principles of universality and free access; serving the general public interest by adapting the product offering to real public feedback and behaviour; defending and guaranteeing pluralism; and investing in the development of all the various stages of the audio-visual industry.

During 2014, Rai transformed these 'values' into concrete action as follows:

- it invested significantly in strengthening its on-line offering:
  - it segmented its offering into four thematic areas (news, video, sport and children);
  - it launched the Rai News portal which brings together all news coverage;
  - it recently added to the generalist offering on its on-line service by launching a new complementary service called Ray.rai.it, which offers exclusive and 'backstage' content, but is above all a showcase for young talent where young people in the 15-30 age group can gather and experiment.
- It is developing the 'Manzi 2.0' project, in agreement with the Agency for Digital Italy. This is a cross-sector project aimed at reducing the digital divide by simplifying use of various modern technologies. The objective of the project is not to introduce a specific new-technology literacy programme, but rather to deliver the entire Public Service programming effort across all channels and platform options.
- It continues to maintain focus on various social and cultural objectives, through for example, performance of studies and implementation of initiatives to monitor the representation of females in its programmes.
- In strict observance of its Public Service mandate, it decided not to broadcast certain programmes or to modify them significantly, even in the knowledge that this would be likely to reduce viewing figures. This was the case with certain reality shows such as *L'isola dei famosi* and programmes such as *La vita in diretta*.
- It has supported and promoted the Milan EXPO 2015 and will continue to do so until the end of the event. Its contribution in this regard has included inter alia a dedicated structure and specific internet site as well as ad hoc advertising campaigns on its various channels and platforms.

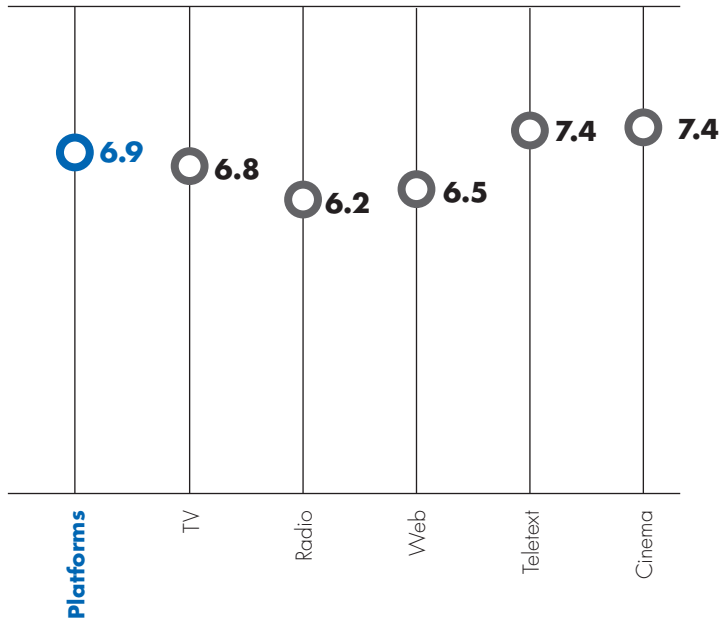
The validity of Rai's offering is confirmed by public opinion.

The independent study on the *Corporate Reputation* of Rai Group in 2014 (Rai obtained an overall grade of 6.7 on a scale from 1 to 10) highlighted how relative positioning is based to a great extent on assessment of the various platforms overseen by Rai (6.9).



The other parameters considered by the study (Public Service, Corporate Image and Competitiveness) also received similar positive results.

#### Corporate Reputation of Rai Group - Platform Parameter



The following paragraphs provide a detailed analysis of the Editorial Area and Newsrooms including information on individual television channels and newsrooms, genres and radio channels.

#### Digital terrestrial and satellite television

Digital terrestrial TV is Rai's principal television platform for which it has put in place a multichannel development strategy and transmission infrastructures.

Satellite television, which is considered to be complementary with digital terrestrial television, makes it possible to reach areas which are not served, or only partially served, by DTT and it is for this reason that, following similar experiences in other countries, Rai, together with Mediaset, Telecom Italia Media, Confindustria Radio TV and Aeranti-Corallo, has developed Tivù Sat, the free satellite platform.

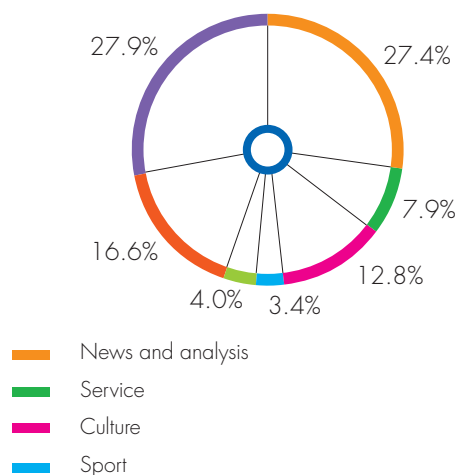
Rai's television offering on the digital terrestrial and satellite platforms includes a total of fourteen channels of which three in high definition. These include:

- **three generalist channels**, Rai 1, Rai 2 and Rai 3, which are also available in HD. The Rai HD channel, which shows the best of Rai's programming, is available on the digital terrestrial platform and the HD versions of Rai 2 and Rai 3 are available through multiplex 5, the coverage of which is currently being extended. The HD versions of all three generalist channels are available on Tivù Sat;
- **four semi-generalist channels**: Rai 4, Rai 5, Rai Movie and Rai Premium;
- **seven thematic channels**: Rainews24, Rai Storia, Rai Scuola, Rai Sport 1 and 2, Rai Gulp and Rai YoYo.

In addition, and in support of such television offering, Rai offers interactive applications and on-demand video services via internet, which can be used on smart TV and TV with interactive decoders connected to the network.

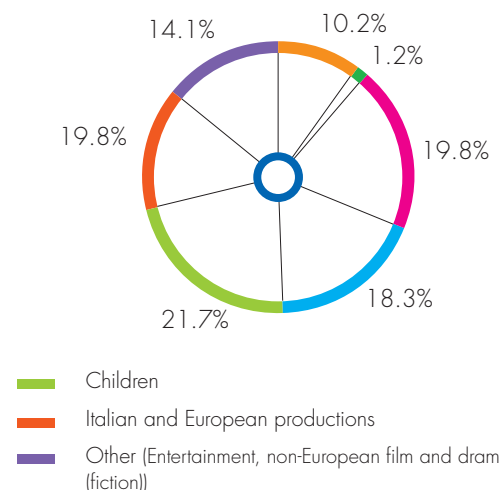
#### Programming by genre on generalist channels

(source Rai)



#### Programming by genre on thematic channels

(source Rai)



### International television offering

Rai operates at international level through **Rai World**, with a product offering structured as follows:

- **global:** Rai Italia (a channel aimed at Italians living outside Europe, which is produced in accordance with the provisions of the Convention between Rai and the Prime Minister's Office in relation to the television and multimedia offering abroad), Rainews24 and Rai World Premium, which offers the best of Rai's television drama (fiction) production;
- **Europe, Middle East and Gulf:** Rai 1, Rai 2, Rai 3, Rainews24, Rai Scuola and Rai Storia.

The channels are made available through local television platforms – cable, satellite or other new media platforms – with various modalities, both free and pay-TV.

### Radio

Radio has dealt successfully with its evolution to the multi-platform model (analogue, digital and internet) which now characterizes its technological, operating and market habitat.

Against a background of ongoing change, highlighted by increasing integration with the web and social media, RadioRai has renewed its Public Service role both towards listeners and in competition with its direct competitors.

The Web has accentuated the central importance of personal consumption, (typical of yesterday's Radio), combined with the facility for selective listening, (typical of today's Radio) which means that listeners are no longer simply passive consumers, but rather are able to interact with and condition radio content and break it down into its constituent parts.

Radio's real potential is to be found in the dissemination of audio content in the midst of the magma of digital communication, the many ways it can be accessed and the numerous types of receiving device that can be used (ranging from traditional radios, to television, PCs, smartphones, car-radios, apps and social media).

The analogue network (FM) remains the principal broadcast resource. Digital terrestrial radio (Dab+), is also available and although no date is foreseen for switch-over, it is the natural environment for the near future.

In market terms, the main operators other than Rai consist of four multi-media groups:

- L'Espresso (Radio DeeJay, Radio Capital, m2o),
- Finelco (Radio 105, Virgin, Radio MonteCarlo),
- Mondadori (R101),
- Sole24Ore (Radio24).

There are four 'pure' radio broadcasters: Rtl 102.5, Radio Dimensione Suono, Radio Italia and Radio Kisskiss (all but the first of which have local transmitters).

The local radio market includes almost 900 editors and 1.000 channels with very different broadcasting ranges (from individual towns to multi-regional) and audience levels.

As a whole, local radio attracts a significant audience thanks to its strong links with local communities and editorial offering, which in the case of many local broadcasters is competitive with national networks.

In 2014, local radio achieved an audience share (during an average 15 minute listening period between 06.00 hrs and 24.00 hrs) of 35% at a national level.

Revenues generated by the local radio market were around Euro 550 million in 2014, a decrease of around Euro 150 million with respect to 2010. During the last two years, the increasing availability of frequencies resulting from difficulties experienced by many local operators has in certain cases been taken up by the larger networks to improve their area coverage.

RadioRai's offering reflects its Public Service mandate and is spread across a range of channels with distinct editorial styles:

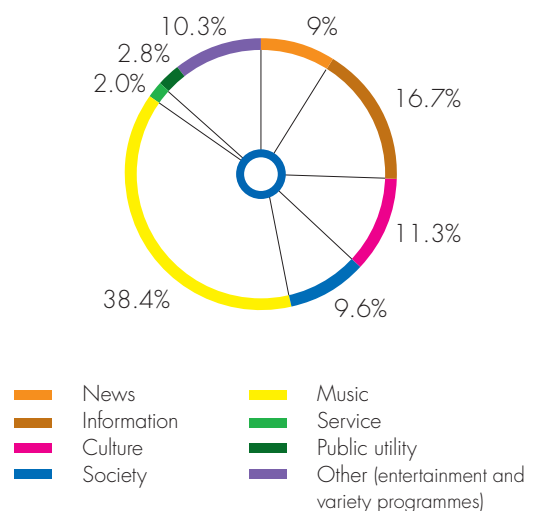
- five FM channels (Radio1, Radio2, Radio3, Isoradio, GrParlamento);
- two *Filodiffusione* cable radio stations (Fd4 and Fd5);
- three web stations.

The entire range of channels is transmitted in both streaming and digital (Dab+).

Of particular note is the RadioRai app for listening on the move; the app has been optimized for smartphones and tablets and, in just a few months, reached over a million downloads.

### Radio programming by genre

(source Rai)



Also of note, is the rich offering of (on-demand) podcasts with over 80 million files being downloaded in 2014.

## Internet

Like digital terrestrial television, the web is central to Rai's editorial and business strategy, in view of its increasing use by Italian households (70% of households, accounting for 84% of the population) and its capacity to introduce significant innovations in supply, consumption and business models.

In 2014, Rai's internet offering included:

- **Rai.it:** the portal that gathers and provides easy access to the Group's vast web offering. Rai.it promotes and provides access to all Rai's web programming and to content from all the television channels and radio channels, in addition to information and multi-media content from the newsdesks. Rai.it also provides a series of important services of interest to users, such as Rai's programme guide and access to the community that allows users to interact with their favourite celebrities and programmes as well as with other fans who share the same interest.
- **Rai.tv:** the environment where, using an advanced graphic interface, users can access all Rai's audio-visual programming available on the internet. The offering includes:
  - live streaming of 15 television and 10 radio channels;
  - Replay tv, which provides on-demand access to programmes screened on Rai 1, Rai 2, Rai 3, Rai 5, Rai Premium and Rai YoYo during the previous 7 days;
  - the on-demand service, which provides access to almost the entire offering of the generalist television channels and newsdesks, in addition to exclusive web content from the Teche and production archives.

Rai also has a series of official channels on the YouTube platform.

- **Rainews.it:** the site where all information produced by Rai can be viewed including real-time news updates enhanced with videos and photo galleries, the latest editions of television and radio news programmes, live reports of the all-news channel, Rainews24, and the day's most important events.

Certain of Rai's web services (e.g. Rai.tv, Radio Rai, Rai News, Televideo, TG1, TG3, Rai Sport) are also accessible in the form of **Apps** for the main smart-phone and tablet platforms.

Rai's **on-demand video** can also be viewed on Samsung Smart Tv. The application offers free on-demand content and videos which can be watched over and over in the comfort of one's own home. The application provides access to the Rai Replay service and, in 'on-demand' mode, to a selection

of Rai's best programme content (both whole programmes and highlights) ordered in terms of Top Videos, Television drama (fiction), Cartoons and Programmes.

Rai Replay allows users to view programmes screened on Rai 1, Rai 2, Rai 3, Rai 5 and Rai Premium during the previous 7 days.

Rai is also present on (Gold stamp certified) interactive digital terrestrial televisions and decoders with Rai Replay, television news (TGR) and Telecomando services.

Rai also continues to strengthen its presence on social media (Facebook and Twitter) by activating television and radio channel and programme profiles and accounts, enabling an ever-increasing involvement of the public in its editorial planning.

## The performance of Rai's offering

### Digital television

For the first time in seven years, the average television audience decreased with respect the prior year, both on an entire-day basis (from 10.5 million in 2013 to 10.4 million in 2014) and during prime-time (from 26.1 million in 2013 to 25.6 million in 2014).

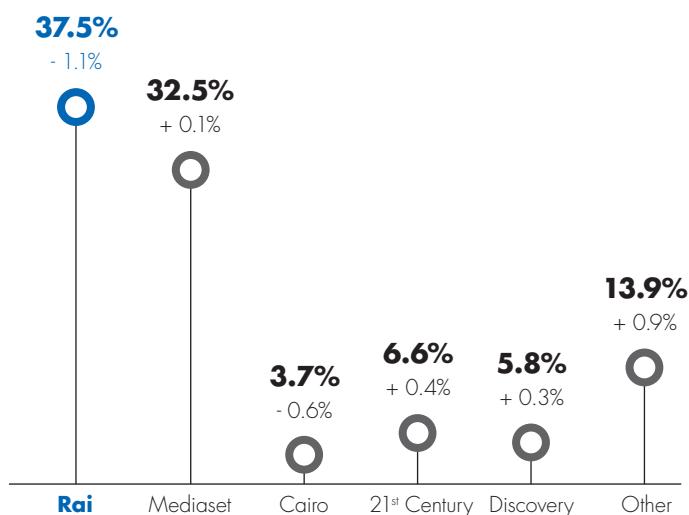
Overall, generalist channels (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 e La7) remained on a downward trend, with the relevant share of total viewing figures falling to 60% on an all-day basis (-2.2% with respect to 2013) and to 64.2% in prime-time (-2.6% with respect to 2013).

On average, over the **entire day**, Rai remained market leader with a 37.5% share (a decrease of 1.1% with respect to 2013) compared to the 32.5% of Mediaset (an increase of 0.1% with respect to 2013).

This result was achieved in a situation which saw an increase in viewing figures of free thematic channels available on satellite and/or digital terrestrial platforms.

Excluding Rai and Mediaset, which are measured by Auditel, the (total) share of other free TV channels increased to 17.6%, an increase 1.1 percentage points with respect to 2013, while the other pay-TV channels recorded a slight increase of 0.6 percentage points, settling at 9.2%, thanks in particular to the football World Cup which was shown in-full and partly on an exclusive basis by Sky.

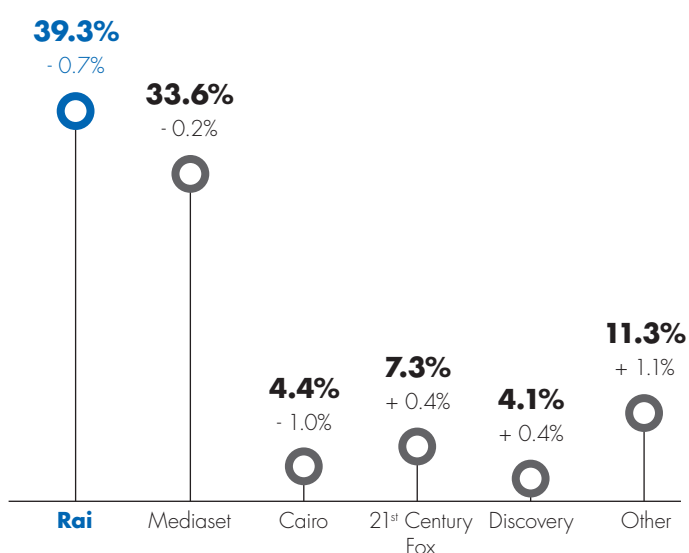
Average daily viewing figures (02.00 a.m. - 02.00 a.m., source Auditel)



As with Mediaset, Rai's generalist channels had falling viewing figures, however, the three Rai channels maintained their market leader positions compared to their respective rivals and confirmed their positions among the most watched national channels:

- Rai 1, with a share of 17.8%, (-0.5 percentage point with respect to 2013), was again the most popular television channel overall, well ahead of the Mediaset flagship Channel 5 which had a share of 15.3% (+0.4 percentage point with respect to 2013).
- Rai 2 achieved a 6.6% share, (-0.2 percentage point with respect to 2013), confirming its position as the fourth most popular national channel.
- Rai 3, with a share of 6.7%, (-0.7 percentage point with respect to 2013) is the third most popular national channel after the Rai and Mediaset flagships.

Prime time viewing figures (08.30 p.m. - 10.30 p.m., source Auditel)



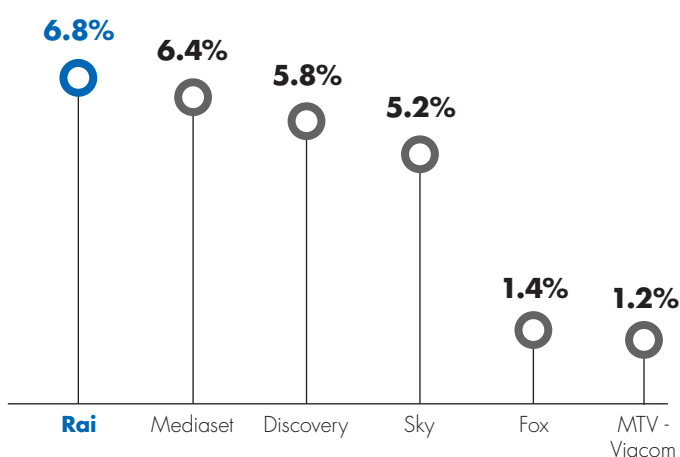
Rai Group's thematic channels made an important contribution to the result, obtaining a total share of 6.8% over the whole day, (+0.1 percentage point with respect to 2013), thanks mainly to the performances of the pre-school children's channel Rai YoYo, Rai Premium, Rai Movie and Rai 4, all of which rank among the ten thematic channels with most viewers during the year.

Top of the list of thematic channels were the two Discovery Group channels, Real Time (1.5%) and DMax (1.4%) followed by Rai YoYo (1.3%). With its four thematic channels mentioned above, Rai has the highest number of channels in this category; Mediaset has three (Iris, Top Crime and Boing), Discovery has two (Real Time and DMax) and Sky has one (Cielo).

Rai's thematic channels are all free and it has the highest ranking of the editors in the thematic channels category with a share of 6.8% (+0.1 percentage point with respect to 2013), ahead of Mediaset with a share of 6.4% (+0.4 percentage point with respect to 2013), Discovery with a share of 5.8% (+0.3 percentage point with respect to 2013), Sky with a share of 5.2% (+0.6 percentage point with respect to 2013), Fox with a share of 1.4% (-0.2 percentage point with respect to 2013), MTV-Viacom with a share of 1.2% (level with respect to 2013) and all other national and international competitors including Disney, DeAgostini, Viacom and Turner.

Comparison of thematic channels by editorial group

(daily figures 02.00 a.m. - 02.00 a.m., source Auditel)



During prime time, Rai maintains its leadership with a total viewing figure share of 39.3% (-0.7 percentage point with respect to 2013) against 33.6% of Mediaset (-0.2 percentage point with respect to 2013) and well ahead of the Cairo Group with a share of 4.4% (-0.1 percentage point with respect to 2013).

The growth in viewing figures achieved by the thematic channels during prime-time, when the generalist channels usually concentrate their leading products, is broadly similar to the growth achieved over the full day, albeit from relatively lower bases.

Other free television channels account for a total of 13.6% share of prime-time viewing figures (+1.1 percentage point with respect to 2013) while pay-TV accounts for 9.1% (+0.6 percentage point with respect to 2013).

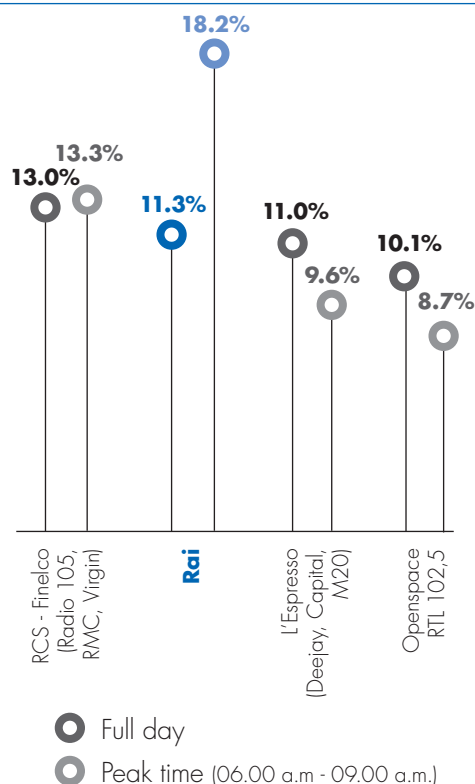
With regard to individual channels:

- **Rai 1** continues to be the most popular channel, with a 19.2% share (+0.1 percentage point with respect to 2013), four percentage points ahead of Canale 5 which had a 15.4% share (+0.1 percentage point with respect to 2013).
- **Rai 2** and **Rai 3** continued to be the channels with most viewers, after the Rai and Mediaset flagships, reaching shares of 7.3% (-0.1 percentage point with respect to 2013) and 6.9% (-0.9 percentage point with respect to 2013) respectively.

In total, Rai's thematic channels achieved a 6.0% share of total prime-time viewing figures, (+0.3 percentage point with respect to 2013), behind Mediaset's thematic offering which achieved a share of 6.8%, (+0.6 percentage point with respect to 2013) thanks also to the presence of premium football events (including *Serie A*, *Europa League* and the *Champions League* during the first six months of 2014).

### Radio listening figures

(average 15 minutes, source Eurisko Radiomonitor)



With regard to the perceived quality of Rai's television offering, a matter of particular importance from a Public Service viewpoint, quality indicators (IQP) reached an overall level of 7.5 during the autumn of 2014 (an increase of 0.1 with respect to the same indicators in spring 2014).

The indicators show excellent results both for the generalist channels (7.4 - representing an increase of 0.1 with respect to spring 2014) and the thematic channels (7.6 - representing an increase of 0.2 with respect to spring 2014). The genres achieving highest viewer ratings during 2014 were cultural programmes (7.8 - representing an increase of 0.3 with respect to spring 2014), closely followed by television drama (fiction), films and television series (7.6 - representing an increase of 0.1 with respect to spring 2014) and news, information and analysis channels (7.4 - representing an increase of 0.1 with respect to spring 2014).

### Radiofonia

Radio reached an audience of 34.3 million listeners during 2014. In other words, over 34 million people over the age of 14, at least two thirds of the population, listened to radio for at least 15 minutes on an average day. In line with the previous year, average daily listening time was 3 hours and 17 minutes.

Almost 75% of listeners listen to the radio outside the home and on the move. Car radio is the most common way to listen to the radio for people up to the age of 64 (71.9%).

For young people, new technologies play a significant role in radio listening habits. In particular, cellular and smartphones are used to listen to the radio by just under 5% of total listeners, but by 20% of 14-17 year olds and 10% of 18-24 year olds.

Television is also used to listen to radio thanks to the digital terrestrial/satellite simulcast of all the national and certain local channels; 7.3% of listeners use their television to listen to radio, in particular, young people up to 24 years of age.

The radio listening public is slightly biased towards men and middle-aged, and therefore active, people (55% of listeners are between 25-54 years of age.) A significant share of those listening to radio (46%) have middle-higher or university-level education.

This demonstrates that radio is an evergreen medium that has been able to re-invent itself and keep-up with social and technological progress.

The previous table shows average 15 minute radio listening figures.

The performance of the various groups sees RadioRai in second place with a listening share of 11.3%, behind Finelco (listening share of 13%) and followed by L'Espresso (listening share of 11%).

RadioRai has the largest audience share during morning prime-time (06.00-09.00 hours) which is the largest in terms of listening public and most important in terms of advertising investment.

The listening figures are based on a telephone-interview survey and an exercise using an electronic metering process. Following the 2011 liquidation of Audioradio, calculation of the final figures, (based on the results of both the traditional survey method and the passive instrument measurement method) is carried out by a technical group called by AGCOM.

At Rai's behest, a meeting of editors now also takes place and contributes to the institutional exercise with the objective of improving governance in the Radio industry and developing a new and more accurate monitoring system in line with technological advances and recognized by AGCOM and Upa.

Since its launch, Rai.tv has reached 6.3 million downloads, of which 2.2 million in 2014 alone. RadioRai has reached 1.1 million downloads, of which 330,000 in 2014. RaiNews has reached 500,000 downloads since its launch, of which 270,000 in 2014.

## Internet

During 2014, an average of 28.6 million Italians logged onto the internet from home or work at least once a month. Almost 20 million of these watched video content.

Rai Group's overall offering totalled an average of 176 million pages visited per month and generated total traffic of almost 2.2 billion pages, an increase of 22% with respect to 2013.

**Rai.it** generated monthly traffic of almost 49 million pages visited, a total of 588 million for the year.

The multimedia portal, **Rai.tv** totalled an average of 76 million pages visited per month and generated total traffic of almost 861 million pages, an increase of 18% with respect to 2013.

Rai has strengthened its presence on the main **social media**: at the end of 2014, 8.4 million fans liked Rai's offering on Facebook and it had 3 million followers on Twitter.

Rai further diversified its already rich and varied offering on **mobile devices** to become available on even more operating systems. The three most successful applications are Rai.tv, RadioRai and RaiNews.

## Rai's activities

<b>Television</b>	<b>30</b>
Generalist channels	30
Semi-generalist and thematic channels	32
News and information	38
Cinema	40
Television drama (Fiction)	42
Teche (Rai's multi-media catalogue)	43
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Channels	44
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<b>Commercial activities</b>	<b>47</b>
Advertising	47
Commercial development	48
<b>Other activities</b>	<b>49</b>
Broadcasting activity	49

## Full day audience share (generalist channels)

Rai 1	17.3%
Rai 2	6.6%
Rai 3	6.7%

viewing figures of 9.7 million and an audience share of 35.9%, and the television drama (fiction) *Braccialetti Rossi*, based on the Spanish best-seller of the same name.

Traditional Rai programmes that are included in the programme schedule each year were also successful in 2014. Of these, the most notable was the 64<sup>th</sup> edition of the *Festival di Sanremo*, which was presented by Fabio Fazio assisted by Luciana Littizzetto and dedicated to beauty in all its forms. Average viewing figures for the five evenings were above 8.7 million, representing a 39.3% of audience share.

There were also other significant event-programmes in 2014. On the sports front, the games and analysis programmes on the football World Cup were shown unencrypted and in HD and the *Partita della Pace* (Match for Peace), the first inter-religious match for peace, brought together players of all religions from all over the world to play together for charity.

## Prime time audience share (generalist channels)

Rai 1	19.2%
Rai 2	7.3%
Rai 3	6.9%

From a cultural viewpoint, millions of Italians were able to admire works of significant value performed by the top exponents of our artistic heritage and maximum expression of the Italian genius: *Il Maestro senza regole* with Andrea Camilleri, *Francesco lu santo Jullare* with Dario Fo and *Le voci di dentro* which brought together the Oscar-winning couple Sorrentino-Servillo in celebration of the magic of Eduardo De Filippo, on the thirtieth anniversary of his death.

On the musical front, there was the Taormina concert celebrating the 20 year career of Laura Pausini, the *Music Awards 2014* and opera from the Arena di Verona 2014.

## Television

### Generalist channels

#### Rai 1

In 2014, Rai 1 once again confirmed its position as Italy's leading channel with both its viewing figures and the rich and varied nature of its offering showing it to be the most popular channel with Italians.

Rai 1 has a strong relationship with its viewers thanks to a popular and high-quality programming schedule available to viewers throughout the day. Content ranges from significant cultural and sports events to entertainment, from television drama (fiction) to cinema, from live news and information to analysis and from popularization of science to documentaries.

Notable highlights during the year included Roberto Benigni's *I Dieci Comandamenti* which provided viewers with two emotion packed and thought provoking evenings, reaching average

Entertainment also contributed significantly to the channel's success.

Consolidated favourites such as *Ti lascio una Canzone*, *Ballando con le stelle* and *Tale e quale show*, were added to by new shows including Enrico Brignano's one man show, *Il Meglio d'Italia*, *Sogno e son desto* with Massimo Ranieri, the young talent show *La Pista* presented by Flavio Insinna and *Si può fare* with Carlo Conti putting celebrities through their paces in strange and spectacular ways.

Television drama (fiction) was another feature of the year.

In addition to the aforementioned *Braccialetti Rossi*, another series, *Un'Altra Vita* starring Vanessa Incontrada, proved to be a great success. Three further mini-series dedicated to the 1970s were also very popular: *Il Commissario*, based on the real life of Police Commissioner Calabresi; *Il Magistrato*, based on the real life judge, Mario Sossi; and *L'Ingegnere*, based on a fictional character, an engineer and senior manager at the Fiat Mirafiori plant.



Another example of successful television drama (fiction) was *Qualunque cosa succeda*, which told the story of the respected civil servant, Giorgio Ambrosoli, who was assassinated on the order of Michele Sindona in an attempt to block the investigation into Sindona's Banca Privata Italiana. However, in this 60<sup>th</sup> year of State television, Rai's key role as a motor of cultural growth and paradigm of modernity was best remembered (and brought to the attention of young viewers) by the mini-serie *Non è mai troppo tardi*, based on the life of the great innovator Maestro Manzi. The 20<sup>th</sup> anniversary of the death of Don Diana, who was killed by the mafia, was also remembered with another mini-series.

Popularisation of culture and documentaries are two of the channel's key strengths. In addition to Piero Angela's traditional prime-time *Superquark* shows, which guide us through the world of science, history and archeology, the documentaries on *Passaggio a nord-ovest* and *Quark Atlante* are key points in the day-time and late-evening programming schedules. In the same vein, *Fuori luogo*, takes us on a journey through Italy, explaining how changes in the planet have forced us to change the way we live. Programmes celebrating nature, cultures and trends beyond our national borders, such as *Overland*, *Dreams Road* and *Q.B* continue to be very successful, as do service programmes such as *Easy Driver*, *Linea Blu*, *Linea Bianca*, *Linea Verde*, *Linea Verde Orizzonti* and religious programmes.

Finally, with regard to information programmes and talk shows, in addition to *Porta a Porta* late-evening analysis of news stories, politics and customs, there is now an important new programme *Petrolia*, which looks at current events and tries to make sense of the recent economic crisis.

***“In a changing television setting, Rai 1 tackles a difficult challenge: consolidating its authority as a Public Service broadcaster whilst experimenting new products and languages to capture the needs and expectations of an evolving audience.”***

## Rai 2

Rai 2 is contemporary television: from culture to news and information, from shows to unconventional entertainment, it produces quality programmes that keep us up to date.

The 2014 editorial offering was innovative in terms of both content and language, bringing together different genres and new proposals and combining experimentation and tradition.

There was a significant increase in the number of information and service programmes as well as the introduction of a new multi-media approach that integrates radio, web, social and other media aimed at a younger, broader and more varied audience.

Prime-time programming highlights included: the new series of *Pechino Express* which took great care to communicate the peculiarities of the various countries visited; *Undercover boss* which showed the human side of top-managers together with their employees; and *The voice of Italy*, the top show during spring 2014.

In terms of comedy, *Made in sud* continued the trend of completely new programmes which had been eagerly awaited by Rai 2 viewers and a new format game show, *La papera non fa l'eco*, was also introduced.

Following on from the introduction of factual genre programmes in 2013, one of these, *Il più grande pasticciere*, an absorbing competition between cake designers, was given a prime-time run in 2014. The project, which is one of the initiatives linked to the Expo 2015 'Feeding the Planet, Energy for Life' also led to publication of a book by Rai Com.

Another factual programme, *Detto Fatto*, was another of the most successful programmes during the year. Thanks to interesting topics and a modern style and language it has brought a growing number of, mainly younger, viewers to the channel.

The main innovations, however, have been in the late-evening slot with the introduction of two new programme: *Party people - Ibiza* which is about nightlife and music and is aimed at a younger audience and *Quanto manca?* an irreverent and funny review of the week's events.

Last but not least of the new programme *Senza peccato* is an investigative report programme which deals with all the various dreams, fears and hopes of adolescence.

Also worthy of note were *Unici*, on the lives of great Italian artists and the economics and analysis shows *2next* and *Razza umana* which tackle questions about our lives.

Finally, 2014 saw the continuing success of *Virus*, *Quelli che il calcio*, *I fatti vostri*, *Mezzogiorno in famiglia* and *Voyager*.

***“Rai 2 chooses with care the path it takes to contact its audience: in addition to consolidating its successful programmes, it also experiments in prime-time and the late-evening slot to strengthen the channel's brand.”***

### Rai 3

**Rai 3 is synonymous with commitment: every day it investigates the problems, trends and prospects of Italy's civil society and is a unique and irreplaceable institution in the television industry.**

During 2014, as in previous years and in a very competitive market, Rai 3's key strengths were in its distinctive identity and ability to inform viewers clearly and honestly, through a broad offering which includes analysis, investigative journalism, popularization of history and science, intelligent and high-quality infotainment.

Key features of Rai 3's offering include all-live daytime programmes, national and local information programmes – the backbone of Public Service broadcasting – and cultural and political talk shows. In 2014, Rai 3 was again third placed among the most popular Italian channels.

Rai 3 has numerous distinctive programmes: from *Chetempochefa* with Fabio Fazio and his prestigious guests to the investigative programmes *Report* and *Presa diretta*; from the unmissable *Blob* to daytime information and analysis programmes such as *Agorà*, *Elisir* and *Mi manda Rai 3*; from the established *Chi l'ha visto* to the new presenters of *Ballarò* and *Kilimangiaro*; and from the educational programme, *Ulisse*, to the science and nature programme, *Geo*.

Experimental programmes were also successful, including the docufiction *L'Infiltrato* which reconstructed a true story using direct sources and original materials, and one of the big successes of the season, *Gli sconosciuti*, a nostalgic account of the lives of normal citizens through a fictional presentation of Italians.

Rai 3 added to its already abundant list of existing programmes with a new series of *Amore Criminale*, an exposé of femicide and violence against women, and a new series of *Sfide*, dedicated to the teams Italy played in the World Cup.

The late-evening slot on Rai 3 has always been a mine of gems and often a space for innovation and experimentation, however, it is above all a symbol of Public Service and intelligent entertainment.

One of the most innovative programmes of the year, both in terms of language and its unique style, was *Gazebo*, possibly the only example of Italian gonzo journalism.

Other late-evening slots were granted to new series such as *Extant* and *Newsroom*, two high quality products with a loyal audience. In addition to these, a range of significant programmes were shown, including: *I dieci comandamenti*; *Sfide*, with Alex Zanardi narrating epic sporting moments; a double edition of *Hotel ó Stelle*, a non-rhetorical but moving documentary about six young people with Down Syndrome tackling their first paid

employment; *Correva l'anno*, a history programme based on archives and memories; *Visionari*, a new programme with Corrado Augias; and *Nemico Pubblico* which is the first time on Italian generalist television of a very USA-style stand-up comedy show with Giorgio Montanini, one of the positive surprises of the year.

Starting this year, during the summer months Rai 3 will no longer concentrate on films and repeats but rather will include new formats designed to provide news, current events and entertainment throughout the holiday season.

**“Rai 3 is preparing itself for the future, mindful of the pitfalls of the progressive and inevitable fragmentation of the public due to the multiplication of programmes offered by television. However, it is convinced that, by strengthening its identity, it can continue to combine quality, innovation and Public Service values, thus maintaining a strong social position.”**

### Semi-generalist and thematic channels

#### Rai Gold

#### Rai 4

**Rai 4 is the TV with a global perspective: from Oriental action to French crime, from American fantasy to prize-winning auteur TV series, it crosses the new frontiers of genre production.**

In 2014, the channel's offering continued to concentrate on the action, crime/thriller, sci-fi/fantasy type genre that had achieved the best viewing figures, despite being conditioned by the challenge of keeping up to date with series. Indeed, the Rai 4 audience is particular, being split between very young viewers who are attracted by the web and new programmes, and young-adult viewers, who being older, are more inclined to appreciate repeats of archive products. The most successful programmes during the year included the following.

High prime-time viewing figures were achieved by the action/martial arts genre, including the cycle dedicated to Jean-Claude Van Damme, Bruce Lee evergreens and first showings of *Shaoling* and the *Ip Man* saga.

**Specialist channels audience share (semi-generalist and thematic)**

Full-day

6.8%

Prime-time

6.0%

Eight of the top fifteen TV-series episodes with highest viewing figures relate to the cult prime-time series, *Trono di Spade*, which confirmed viewers' passion for epic-fantasy productions, while the *Final Destination* saga was the most popular programme in the broader fantasy genre. In terms of crime and thriller series, viewing figures were excellent for the first showing of two French productions: *Switch and Intersections*.

2014 also saw the first live, prime-time showing on Rai 4 of two major annual events: the semi-finals of the *Eurovision Song Contest* and the *Emmy Awards*, the USA TV Oscars show, which was effectively a form of advertising, as it included many of the programmes shown on Rai 4 competing for awards.

***“The channel’s editorial sphere is related to the concepts of ‘cult television’: serialised stories, global perspective, post-modern and neo-modern aesthetics, categories that are now transversally crossing film and television production.”***

#### Rai Premium

**Rai Premium is the narrative channel: it shows the best Italian and foreign fiction series, along with the biggest successes in entertainment from the past and recent past, to provoke thought, laughter and emotions.**

In 2014, the channel confirmed its position as the semi-generalist channel 'to experience again and again'. It has gone from being a thematic channel, which simply showed repeats of Rai's television drama (fiction) series, to a channel with a clearer identity, through the introduction of TV series and movies, soaps and general-interest entertainment.

While delivering a programme offering that reflects the traditional and cultural values of its viewers, during 2014, Rai Premium also dedicated a lot of space to social themes and news and information programmes.

Of particular note in this regard were the celebration of the 100<sup>th</sup> year anniversary of the First World War, the 25<sup>th</sup> anniversary of the fall of the Berlin Wall and programmes dedicated to disability and organized crime.

Finally, during 2014, in collaboration with Rai Teche, Rai Premium produced *Rai 54/14*, a programme dedicated to Rai's 60 year history, which was broadcast across a range of various timeslots and was much appreciated by the viewing public.

***“Rai Premium has competed its editorial transformation, confirming its original orientation and enriching it with the introduction of new genres which are now key pillars of the channel.”***

#### Rai Movie

**Rai Movie is a channel for all types of film: comedies, thrillers, action, sentimental and horror films. It is a channel that creates space for each viewer's favourite genre.**

In 2014, Rai Movie confirmed and consolidated its identity as a film channel that delivers a Public Service offering, by combining quality and performance and satisfying the tastes of film fans of all kinds.

Of the new features introduced during the year, the following are worthy of particular mention: *MovieXtra60*, a weekly anthology of information about the films produced during Rai's 60 years, the *Movie doc* cycle, dedicated to documentaries about cinema, and the chance to choose audio version and therefore watch certain films in original language.

Key moments were also dedicated to celebrities no longer with us and films commemorating the 100<sup>th</sup> anniversary of the start of the First World War.

Numerous channel "regulars" were also confirmed during the year, with special programming on Holocaust Memorial Day and Legality Memorial Day, our ongoing commitment to human rights and equality issues with the Friday evening film series *Articolo 3* – civil cinema, the Biennale Film Festival in Venice and the Rome and Turin Film Festivals.

In addition to the television schedule, Rai Movie has been present on the web with a presence that integrates television, internet portal and social networks, making our operating environment ever more inter-active and cross-media.

***“The channel placed a strong accent on current and future opportunities of the interaction via web within the context of its overall offering; the constant presidium of the social networks is rewarded by the continuing increase in followers of Rai Movie.”***

### **Rai Cultura**

In June 2014, the three thematic channels, Rai 5, Rai Storia and Rai Scuola, were brought together under the Rai Cultura name and brand as part of the launch of a new season of cultural and formative Public Service Broadcasting, through the production and promotion of high-quality educational content.

Through coordinated and synergetic programming, the three channels work in parallel to tackle subjects and events of national interest and strengthen the efficacy, visibility and authority of products and, in so doing, reinforce Rai's cultural offering and contribute to an organic project able to address the whole country.

### **Rai 5**

**Rai 5: when television means culture, art, show-business and entertainment from all over the world to give us a far-reaching and global view of the present.**

Since September 2013, Rai 5 has been the performing arts channel and during 2014 it developed and consolidated its new editorial approach and identity.

It offers unique and recognizable programming ranging from opera to classical music and dance, from art to literature and from auteur cinema to documentaries.

The programming schedule includes regular live broadcasts of significant cultural events, selected pieces from the Rai catalogue and high-profile and international productions, films and documentaries.

During 2014, Rai 5's prime-time product offering included different artistic themes for each day of the week, including: figurative arts, theatre classics, auteur cinema, on-stage literature, opera, concerts, ballet, docufilms, contemporary theatre and dance.

Although repeated often during the day-time schedule, prime-time programmes do not account for the entire programme offering, which remains semi-generalist.

During the year, the 14.00-16.00hrs timeslot, which is dedicated to nature documentaries, was enriched by first-showings of excellent documentaries dedicated to the wonders of art and architecture throughout the world, including open-air art and culture from outside the theatres and auditoriums (from gardens, authors and artists' houses, culturally significant travel etc.).

Cult programmes included *Cool Tour Arte*, a weekly current events review of the arts, design and architecture, and the prestigious production initiative, *Divini Devoti*, dedicated to the story of religious orders that were and in some cases still are real cornerstones and organizational and ideological reference points of western society.

Finally, we must mention that during last year no fewer than twenty one national-level cultural events, including opera, concerts and dance were shown live during prime-time.

***“With this philosophy/approach, Rai 5 has sharpened its cultural vocation, offering greater space to classical music and theatre and providing a concrete response to the ever increasing public demand for high quality.”***

### **Rai Storia**

**A new story every day: documentaries, discussion and analysis programmes that look back on our past, from new and original points of view.**

Starting in 2014, in addition to the daily regulars – *Il giorno e la storia*, *Mille papaveri rossi* and *Il tempo e la storia* – the channel has developed a programming schedule that (with its theme-based evenings) has pursued greater continuity and a clearer identity.

Monday is film night with space being dedicated to cinema that recalls our past and programmes on the history of Italian and international documentaries.

The main event on Mondays is *Binario Cinema*, a selection of films about historical figures and the events that changed the history of the world.

On Tuesday evenings, the schedule continues with programmes dedicated to important historical figures, including biographies of key Twentieth Century figures.

Wednesday evenings are “about” Italians with documentaries and programmes dealing with the social identity, difficulties, mysteries and great qualities that characterize them.

Thursday evenings are given-over to stories from far-flung places and other civilisations and Fridays

concentrate on the great wars and conflicts throughout history.

During 2014, in celebration of the 100<sup>th</sup> anniversary of the First World War, the channel screened several television series including *La Grande Guerra* and *A 100 anni dalla Grande Guerra*.

Saturdays bring programmes about television and popular Italian celebrities and in particular the cult show, *Tv Talk*.

Sunday programming is dedicated to a mix of past and present and includes the now established programme *Eco della storia*.

During 2014, Rai Storia also continued its commitment to social themes with programmes being dedicated to women's views, violence and matters of legality.

***“Rai Storia is a key player in the cultural panorama of our television offering: a channel which, starting from an attentive and detailed analysis and interpretation of our distant and recent past, offers opportunities to reflect and enables us to approach the fields of knowledge, the arts and trades with a historiographical language, favouring an understanding of the complex world in which we live.”***

#### **Rai Scuola**

Previously oriented towards education, Rai Scuola is now a new experimental actor dedicated to the youngest age groups thanks to its ability to speak with the communication tools of the future.

Rai Scuola is a cross-media system that combines a digital and satellite television channel with an internet portal ([www.raiscuola.rai.it](http://www.raiscuola.rai.it)); it is a content provider in the educational world, both in terms of its public sector function in relation to education and in its support for the development and sharing of educational practices linked to the new horizons of digital teaching.

In addition to well-established programmes dedicated to the news and the teaching of English, key innovations of note in 2014 include the increased attention given to science through the programme *Nautilus - I protagonisti della Scienza* and the production of numerous specials dedicated to history, culture and employment. Rai Scuola's prime-time offering has also been significant, including *Lezioni di Scienze*, a science popularization programme with internationally renowned guest scientists, and *Zettel - Filosofia in*

*movimento*, in each episode of which a classical philosopher "meets" a contemporary philosopher, raising many points on which to reflect.

Finally, *Terza Pagina*, the weekly press review covering Italian and international printed and web press, continues its successful run.

***“The editorial offering of Rai Scuola continues to promote discovery and education, creating educational contents and attractive methods to increase its appeal to young audiences closely linked to web languages and cultures.”***

#### **Rai Ragazzi**

##### **Rai YoYo**

Rai YoYo is television with a 'no adults' policy, a channel dedicated to preschool children and their parents, a channel conceived and created to entertain and educate at the same time.

In 2014, Rai YoYo reinforced its position as leader among preschool (4-7 year old) children, providing an offering par excellence at a national and international level; this is reflected in its viewing figures which have increased by more than 7 percentage points during the last 4 years, consolidating its position as the most popular channel among Italian children and their families.

The channel's strengths are concentration on its main and most successful programmes and constant investment in programmes produced in the studio, which enhance the reputation and appeal of Rai YoYo; the studio productions also qualify Rai YoYo in terms of the high Public Service value offered in comparison to the commercial offering of the channel's rivals, which is based mainly on acquired productions.

The studio productions have all become regular viewing for preschool children at key moments during their day (*Buonanotte con le favole di YoYo*, *Buongiorno con YoYo*, *Le Storie di Gipo*, *La Posta di YoYo*).

Also during 2014, the recreational web portal, [www.raiyoyo.rai.it](http://www.raiyoyo.rai.it), was introduced, with its mini-sites dedicated to the best loved programmes and drawings sent by children to *La Posta di YoYo*.

***“Rai YoYo is the specialised offering dedicated to preschool children, full of original programmes and productions capable of combining high creative***

*quality and high educational value in a proposal tailored specifically to educate through play.”*

### Rai Gulp

**Rai Gulp is the place where TV becomes child's play: teen comedies, teen soaps, films, games and cartoons, to offer children and teenagers fun viewing every day.**

Rai Gulp is the specialised offering for school children (aged 8 to 14). It has been designed to attract and retain the loyalty of a young audience that is ever more at home with multimedia content, is selective in choosing what to watch on television and tends to focus on well-defined areas such as music, performing arts, action movies, video-games, sport, interactive experience and direct participation.

Rai Gulp plays an important role in linking the preschool offering of Rai YoYo and the teen-inspired offering on Rai 3 and Rai 4, and in this way retains the loyalty of children and teens to the Rai brand over the years.

Rai Gulp has been successful in launching a competitive cross-media offering and developing its own on-line community. The social part of such offering achieved a record of more than 300,000 likes on its Facebook page and is an established reference point for comments on programming and requests for new episodes and information on favourite characters.

Finally, many new native web products such as *Next tv* and *Cose dell'Altro Mondo* have been successfully introduced to the programming schedule.

*“Rai Gulp is a source of ‘smart’ entertainment, which exploits topics and themes of interest to the target audience in order to portray positive values in a fun and light-hearted way and help educate teens by making them aware of the issues and complexities that characterise their everyday lives.”*

### Rainews24

**Keeping pace with viewers: the most popular all-news channel with Italians who want to be informed on a timely basis throughout the day, 24/7.**

During 2014, integration of the three distinct “spirits” that make up Rainews24's multi-media, 24/7 news offering was completed.

This was possible thanks to the creation of a single newsdesk, organized in such a way as to provide content to Rainews24 (the all-news television channel), to Rainews.it (Rai's news portal) and to Televideo (the teletext platform that each day provides over 16,000 pages of news and services dedicated to sight and hearing impaired members of the public).

In recent months, Rainews24 has sharpened its all-news vocation by increasing the timeliness of news and providing live coverage, reporting and analysis of an ever increasing number of national and international events.

To some extent, the increase in the production of original content and analysis has been made possible thanks to an increased number of Rai correspondents in place throughout the world. The **Rainews.it** portal has also benefitted from the improvements introduced to Rainews24 and, as a result, it has grown together with the channel in an integrated and coordinated manner.

Rainews.it provides access to the best of Rai's news production and supports all news items with linked text, photographs and multi-media content to provide 24/7 access to free, comprehensive and well-rounded news and information.

We note in this context the popularity with the public of Rainews24 Apps; by the end of 2014, Rai's all-news application had been downloaded more than half a million times.

In particular from the latter half of 2014 onwards, Rainews24 has increased its service role with regard to Rai's other news desks and discussion and analysis programmes.

On the multi-media front, the technology platform that will enable further integration between Televideo e **Rainews.it** has now been completed. This will bring further improvements, (both in breadth of coverage and depth of analysis), to the journalistic product of the three “spirits” of Rainews24 which, as confirmed by the Qualitel survey, meet with the approval of the public for their balanced and comprehensive coverage.

*“Significant investments in infrastructures and production systems are bringing Rainews24 into line*

***with the most modern national and international competitors in the all-news sector.”***

### Rai Sport

Minute by minute coverage of all types of sport: live events, news and international competitions, so you will never need to miss an appointment with your favourite sporting events. Rai Sport also dedicates attention to those challenges and historical feats which have made sport more than 'just' sport.

Rai's sports desk delivers its product through three generalist channels and two thematic digital channels: Raisport 1 and Raisport 2.

2014 was above all the year of the football World Cup in Brazil and Raisport covered the event across various channels and several different formats, ranging from coverage of the football matches themselves to various analysis and discussion shows and a comic/satirical programme on Raisport 1 featuring Max Giusti's "revised" alternative match commentaries.

Raisport 1 produced an interesting and hugely popular introduction to the World Cup thanks to materials from the multi-media Teca archives and a review of the history of the Italian national team and its key players.

Formula 1, the Giro d'Italia and Tour de France are just some of the top-level sports events covered during the year. Nibali's achievement in the Tour saw millions of Italians glued to their television screens in a way that had not happened for years. Commentaries, news, analysis, stories and memories from the Rai Teche archives; the sports desk offering covered it all.

Raisport also broadcasts well-established sports programmes on the generalist channels, in particular at the weekend. Such programmes, including *Domenica sportiva*, *90° minuto*, *Stadio Sprint* and *Dribbling*, are part of the history of Italian television.

The main programmes on Raisport 1 on the other hand are *Il Processo del lunedì*, on Monday evenings, and *Zona 11*, which is on from Tuesday to Friday.

The two programmes differ in how they deal with football matters. *Il Processo* has a critical and argumentative type approach while *Zona 11* has a lighter, but still journalistic, approach.

Towards the end of 2014, Raisport set out on a new path to introduce HD and the idea of a "continuous studio" to enable non-stop news and sports event coverage. In simple terms, this

process, which is expected to be completed during 2015, will mean more events and news and less talk.

***“The aim of Rai Sport is to create a complex sports offering that provides viewers with reliable programming references and makes Rai Sport a constant presence in the coverage, discussion and analysis of sports events.”***

## Day-time news audience share

TG1	22.9%
TG2	16.6%
TG3	11.6%
TGR	16.7%

## News and Information

### TG1

TG1 is Rai's leading news programme: the place where viewers meet the world of institutions, politics, society, religion, the economy and culture. It is, in short, the Public Service.

In 2014, TG1 confirmed its place as not only the news channel with the highest audience share but also the most authoritative of the news channels in the country.

These results are founded on the correctness and variety of information, the choice of news, attention to image, the credibility of the narrative style and the rigorous approach taken to content and the preparation of services.

TG1's success is due to a broad programming schedule, which includes 13 editions each day (totalling 175 minutes of broadcast per day) and the in-depth analysis programmes *Tv7* and *Speciale TG1*.

The programming schedule also includes the joint production with Rai 1 of three hours of *Uno Mattina* each day, over forty live broadcasts of significant events and numerous extraordinary editions per year and the synergy of the prime-time edition with *Porta a Porta*.

During 2014, TG1 completed its own digital revolution, becoming more modern and guaranteeing a mix of innovation and tradition which is appreciated by more than 20 million Italians each day.

***“TG1 pursued the mission prescribed by the legendary founder of the BBC, Lord John Reith for television: to inform, educate and entertain. Informing through the main news of the day, educating with the ‘services’ on topics which are a fundamental part of people’s lives and entertaining with celebrities and culture, music, film and theatre.”***

### TG2

TG2 is the news programme that focuses on innovation and in-depth analysis, a key element of its Public Service role.

In 2014, TG2 consolidated its viewing figures in the two key time-slots at 13.00hrs and 20.30hrs,

## Evening news audience share

TG1	23.7%
TG2	8.5%
TG3	10.5%
TGR	12.5%



with a significant increase in viewers with respect to the previous year.

At the end of 2012, TG2 switched-over completely to digital technology, revolutionising how it produces services; during 2014, it broadcast over 4,400 events, including regular and special news editions, analysis and live coverage programmes.

TG2 is committed to in-depth analysis, one of its key characteristics, and produces no fewer than 12 high quality programmes that require significant editorial and production effort.

The best known of these is *TG 2 Dossier*, a weekly review of important events, which has been running for thirty years and is still much appreciated by the public.

Other equally important and appreciated programmes include: *Storie*, *Mizar*, *Achab libri*, *Cinemattineé*, *TG2 Punto di vista*, *Si viaggiare*, *Eat Parade*, *TG2 Motori*, *Costume e Società*, *TG2 Insieme* and the new version of *Medicina 33*.

Finally, the main innovation of 2014 was *Tutto il bello che c'è*, a programme dedicated to telling the story of worthy initiatives which more often than not are not covered by the main communication channels.

***“TG2 bases its style on experimentation: creating a news product that is completely different from other television news programmes, with brand new stories that arouse curiosity and attract viewers, while fully respecting the principles of the Public Service.”***

### TG3

**TG3 is the people's news programme, the news programme of society, with a keen perspective on social issues and rights. It covers political matters but not 'Politics' and is sensitive to those issues that determine the quality of everyday life.**

Once again in 2014, TG3, with its completely different approach to that of other generalist channel news programmes, confirmed its third place in the ranking of the most popular news programmes.

TG3's traditional strengths are its in-depth analysis and use of clear language in how it explains events, the choice of matters covered, its vocation to give a voice to the weak and excluded and its non-neutral viewpoint on social problems and the effects of the economic crisis.

It is a programme aimed at an educated and loyal viewing public that appreciates direct news

and information, with interviews of protagonists, analysis and special editions.

In other words, it's not just news.

During 2014, TG3 dedicated significant space to non-news programmes such as *Linea notte*, *Pixel*, *Persone*, *Agenda nel mondo*, *Chi è di scena* and live studio analysis with *Fuori TG*.

*Fuori Linea*, a new programme introduced in 2014, is dedicated to interviews with musicians and writers, important exhibitions and performances and cultural events and fashions.

Another important programme is *LS*, the TG3 news programme in sign-language for hearing impaired viewers.

TG3 also has a significant web presence and offers the chance to see all editions of the news and analysis programmes and videos sent by users.

The TG3 web page also includes a satirical cartoon strip and links to the *TG3Tech*, *TG3Books*, *TG3Comics* and *TG3Kids* pages dedicated to technology, literature, cartoons and children's interests respectively.

***“The strengths of the programme are the clear language it uses to report events and also a marked use of live broadcasts, to take viewers to the place where the news is happening.”***

### TGR

**TGR is the multimedia newsdesk focused on the regions which, with its own editorial approach, produces content for the web, TV and radio and supports Rai's other news programmes.**

With its original, lively, dynamic and modern approach, TGR is a real asset for Rai and thanks to its widespread presence throughout the country it is always able to guarantee a local presence which is useful not only for the regional news programmes.

In addition to its long standing daily diet of national and regional news programmes and other well-established programmes such as *Buongiorno Regione* and *Buongiorno Italia*, during 2014, the radio offering added a third edition broadcast at 18.30hrs on Radio 1.

This new additional edition covers local stories, news items big and small, and provides traffic and weather updates. It goes to the heart of TGR's objective of providing useful, timely and relevant local information to viewers and listeners.

The news desk also produces special programmes at a local level, known as "out of space programmes" that cover regionally or nationally significant events that merit further analysis. During 2014, TGR also carried out a series of awareness raising and information campaigns covering safety in the workplace and at school and immigration.

With its capacity to cover and meet the diverse needs of communities throughout the entire country, TGR also dedicates time and resources to foreign language broadcasts in French, German, Ladina and Slovenian.

***"The digitalisation plan of the regional offices is really coming into its own now. This is an ambitious plan of investments which will allow the regional newsrooms to work better and faster, considerably increasing production, to offer people content which is an indispensable and crucial part of the Public Service mission."***

### Rai Parlamento

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.

During 2014, in addition to the three daily editions of *TG Parlamento*, 33 editions of *Speciale Parlamento* were broadcast live from the Parliament and the Senate as well as 49 live broadcasts of *Question Time*.

In addition to the day to day news regarding institutional and parliamentary life, 2014 saw a significant additional effort in relation both to the European Elections, involving numerous political debates and 5 editions of the *Settegiorni* weekly summary, and also to Italy's six-month Presidency of the European Union to which the weekly *Punto Europa* analysis programmes were dedicated.

### Cinema

Rai Cinema main activities are the acquisition of films and television drama (fiction), mainly to meet the needs of Rai's generalist and thematic channels, film production and cinema and home video distribution.

### Acquisition of films and television drama series

During 2014, Rai Cinema satisfied the significant demand from all channels for TV series and also the demand for films for prime-time viewing on the generalist channels.

This was achieved through conclusion of a series of agreements including:

- a contract with MGM which, in addition to numerous new films, film libraries and television series, included the entire James Bond franchise (plus the first time free television showings of *Quantum Of Solace* and *Skyfall*);
- a contract with Leone Film Group that provides Rai with a good library of evergreen cult films that are always appreciated by viewers;
- contracts with Notorius and Adler, two companies that in just a few years have shown themselves to be able to produce high demand films for television.

In terms of supply of television series, the strategy of large multi-year agreements with majors such as Disney, CBS, Beta and ZDF has again proved to be functional and successful.

Disney has provided new programmes such as *Reb Band Society* (the USA version of *Braccialetti Rossi*), Shonda Rhymes' new series *How To Get Away With Murder* and the thriller *Secrets And Lies*.

CBS titles will include *Jane the Virgin*, *NCIS: New Orleans*, *Madam Secretary* and *Scorpion*.

In addition to the existing framework, at the end of the year, Rai Cinema has assured itself the free television rights to the new series *CSI: Cyber*, a spin-off of *CSI: Crime Scene Investigation*, which was previously owned by other companies and is one of the most followed and imitated series of the last 15 years.

Rai Cinema also acquired the rights to *Gomorra – La Serie*, which has already achieved gratifying viewing figures and will surely be one of the success stories of our experiments with the introduction of new language.

Moreover, Rai Cinema has been able to improve its catalogue with internationally distributed films, thanks to favourable events in the market for the Italian rights.

During 2014 Rai Cinema confirmed its international contacts by participating in the most important markets and monitoring global cinema trends. Indeed, Rai Cinema is now universally recognized as one of the most important and trusted market players. Relations have been developed with all of the most significant market operators as a result of which Rai Cinema has brought a great variety of films in terms of nationality, genre and culture.

## Film production

During 2014, some of the best known and most established Italian directors completed shooting on their most recent films, which will soon be seen at the major film festivals. In particular, we note Nanni Moretti (*Mia madre*), Matteo Garrone (*Tale of Tales*), Marco Bellocchio (*Sangue del mio sangue*) and the Taviani brothers (*Meraviglioso Boccaccio*). 2015 will also see the release of other, more commercial films, civil commitment films and debut or new films by young directors including: *Latin lover*, by Cristina Comencini, *Alaska*, by Claudio Cupellini, *Italian Race*, by Matteo Rovere, *Asino Vola* by Tripodi and Fonte and *Era d'estate*, by Fiorella Infascelli.

During 2014, shooting was also completed on the following: *Lo chiamavano Jeeg Robot*, by Gabriele Mainetti; *Suburra*, by Stefano Sollima; *Ho ucciso Napoleone*, by Giorgia Farina; *Io e Lei*, by Maria Sole Tognazzi; *Cloro*, by Lamberto Sanfelice; *Vergine Giurata*, by Laura Bispuri; *La grande seduzione*, by Massimo Gaudioso; *Se Dio vuole*, by Edoardo Galea; *A gentile richiesta* by Gianfrancesco Lazotti; *Poli Opposti*, by Max Croci; *Sei mai stata sulla luna?*, a romantic comedy by Paolo Genovese starring Raoul Bova, Liz Solari, Sabrina Impacciatore, Neri Marcorè, Giulia Michelini, Sergio Rubini and Emilio Solfrizzi; *Il nome del figlio*, by Francesca Archibugi, a sophisticated comedy, starring Alessandro Gassman, Micaela Ramazzotti, Valeria Golino, Luigi Lo Cascio and Rocco Papaleo, based on the French film *Le Prénom*, by Alexandre de La Patellière; the light comedy *Torno indietro e Cambio la mia vita*, by Carlo Vanzina, starring Raoul Bova, Giulia Michelini and Ricky Memphis; *Nessuno si salva da solo*, by Sergio Castellitto, based on the novel of the same name by Margaret Mazzantini, a passionate and dramatic love story, starring Riccardo Scamarcio e Jasmine Trinca; the dramatic film *La prima luce*, by Vincenzo Marra, starring Riccardo Scamarcio and Daniela Ramirez; *La scelta*, by Michele Placido, loosely based on *L'innesto* by Pirandello, starring Raoul Bova, Ambra Angiolini, Valeria Solarino and Michele Placido; *La felicità è un sistema complesso*, a deep and pleasing film by Gianni Zanasi, starring Valerio Mastandrea, Giuseppe Battiston and Hadas Yaron.

Films at other various stages of preparation during 2014 included: *Io che amo solo te*, by Marco Pontì; *Festa di una famiglia allargata*, by Simona Izzo; *La gatta cenerentola*, by Ivan Cappiello; and *Pericle il nero*, by Stefano Mordini.

During 2014, screenplays were still being developed on *Otzi. L'uomo venuto dai ghiacci*, by Carlo Longo, Davide Orsini and Stefano Lodovichi; *Tito il piccolo*, by Paola Randi and Massimo Gaudioso; *I figli del freddo*, by Isabella Aguilar, Stefano Lodovichi and Davide Orsini; *The Start-*

*up* by Francesco Arlanch; and *Effetto Tiffany* by Giuseppe Tufarulo.

2014 projects also included: Giuseppe Tornatore's new film *La corrispondenza*, a moving contemporary love story starring Jeremy Irons; *Tutte lo vogliono*, by Alessio Maria Federici, an ironic romantic comedy full of misunderstandings, starring Enrico Brignano; *Felicità*, a road movie by Paolo Virzì; and *Questi giorni*, a poetic comedy about women by Giuseppe Piccioni.

## Documentary production

In 2014, 30 documentaries were completed, while work began on 38 new titles.

In addition to Gianfranco Rosi's new project, provisionally called *Oltre Lampedusa*, some of the recent projects of those directors who are part of what is sometimes referred to as the "new wave" of Italian documentary-making, included: *Uno ogni 15*, by Alberto Fasulo about disability; *Bella e perduta*, by Pietro Marcello, about the Reggio di Carditello in the so-called Land of Fires; *Spira Mirabilis*, by Massimo D'Anolfi and Martina Parenti, on aspirations of immortality through the four elements of nature; and *Louisiana*, by Roberto Minervini, on an American dream that never got started.

Last year was also important in terms of awards and recognition achieved by many films at the most significant film festivals and also in terms of public acclaim.

With regard to television, in addition to the usual offering on digital channels, (in particular Rai 5 which in 2014 dedicated prime-time viewing to docufilms, achieving 3 million viewers in the process, in large part due to Rai Cinema products) we note the excellent viewer results achieved by the generalist channels. Of the documentaries broadcast we note in particular *Italy in a day*, *I teatri della Roma antica*, *Un mondo di Famiglie* and *Ritratti abusivi*.

## Presence at festivals

2014 was a memorable year for Rai Cinema which won prestigious awards at Cannes and at the Venice Film Festival and achieved great acclaim in Italy, crowning a very successful year. Rai Cinema won the Grand Prix at Cannes with Alice Rohrwacher's *Le Meraviglie* and Alba Rohrwacher and Adam Driver won the two Coppe Volpi in Venezia, for best actress and actor for their roles in *Hungry Hearts*.

At the Rome Film Festival, awards were won by the following documentaries: *Looking for Kadija*, by Francesco Raganato won the Premio del Pubblico/Cinema Italia; and Gaetano di Vaio's *Largo Baracche* won the DOC.IT prize.

Rai Cinema also won: eleven David di Donatello Awards of which seven for Paolo Virzì's *Il capitale umano* which was declared best film of the year; eight Globi d'Oro awards voted by the foreign press in Italy; sixteen Nastri d'Argento awards voted by the Sindacato Nazionale Giornalisti Cinematografici Italiani; and the Menzione Speciale della Giuria at the Turin Film Festival for Eleonora Danco's *N-Capace*.

The year ended with two more awards at the European Film Awards (EFA): Pif's *La mafia uccide solo d'estate* won the best comedy of the year and Alessandro Rak's *L'arte della felicità* won best animated film.

### Distribution

During 2014, Rai Cinema distributed 27 films, selling over 12 million tickets, generating box-office returns of around Euro 76 million and finishing third in the table of top distributors with a market share of 13.5%.

The most successful films were: *The wolf of Wall Street*; *Il giovane favoloso*, *Il capitale umano*, *Scusate se esisto* and *Allacciate le cinture*. Moreover, in keeping with its mission to favour young directors and promote quality cinema linked to historical subjects, Rai Cinema distributed: *Smetto quando voglio*, by the first-time director, Sidney Sibilia and *Tomeranno i prati*, by the master film maker Ermanno Olmi.

With regard to home video, considering both Rai and acquired films, Rai Cinema achieved a market share of 6.2% selling more than 1,700,000 DVDs. The most successful films during 2014 were *Rush*, *The Wolf of Wall Street*, *Pompei*, *Belle & Sebastien* and *Riddick*.

### Commercial agreements

In 2014, Rai Cinema strengthened its position in the new digital platform market by consolidating the already profitable partnerships with iTunes, Chili, Sony and Telecom and increasing the capacity for digital distribution of its own titles by entering into commercial contracts with Dailymotion, Anica and Poste Mobile Cinema, thus permitting a greater number of potential viewers to see Rai Cinema films on the new platforms.

An important agreement was also reached with Sky for the marketing of PPV and PAY rights that include 30 new items.

As a result of agreements, sales of Rai Cinema films through newsagents have also been strong.

International sales of most of the films co-produced by Rai Cinema have been managed by Rai Com with the most successful examples being *Anime*

*nera* and *I nostri ragazzi*, which will be distributed in the USA as well as in many European countries. The [raicinema.it](http://raicinema.it) e [raicinemachannel.it](http://raicinemachannel.it), portals continued to gain importance both in terms of content and activities, reinforcing their position as reference points for the cinema loving public.

### Fiction

Rai Fiction is responsible for the production of television drama (fiction) series and cartoons for Rai's generalist, semi-generalist and thematic channels and also for the web.

Rai's commitment to the promotion of Italian and European audio-visual production is not only an obligation dictated by the Service Contract but it is also one of the Company's programming strengths. Rai's production of television drama (fiction) series is the genre which appeals most to television audiences and the cartoons co-produced by Rai are in line with the best international productions.

In total, new television drama (fiction) was broadcast on 104 evenings achieving average viewing figures of 5.7 million and an average audience share of 21.7%. Contrary to the experience of generalist television, in 2014 Rai television drama (fiction) on Rai 1 added 0.5% share to its already significant 2013 share of 21.2%.

In addition to confirming the health of generalist television drama (fiction), such excellent results, which were achieved as a result of a wider range of factors than in past years, were the reward for prudent and informed innovation.

Best of all was the success of *Braccialetti Rossi* (average viewing figures of 6.2 million representing a 23% audience share) a unique cross-media phenomenon which reached an audience share of 40% among the very young.

Another new series, *Un'altra vita*, a contemporary story perfectly in tune with the tastes of the Rai 1 audience, achieved excellent figures (average viewing figures of 7 million representing a 27.4% audience share).

Positive viewer feedback for these two series triggered the launch of second seasons generating a return on the investment and consolidating an already loyal audience.

Moreover, the continuing importance of a repeat series such as *Don Matteo* should not be underestimated; in 2014, in its ninth season, it improved its audience share by 3 percentage points with respect to the previous year, reaching a record 29.4%. This, together with the success of programmes such as *Non è mai troppo tardi*, *L'Oro di Scampia* and *Per amore del mio popolo - Don Diana* confirm the value of civil television drama

(fiction), which is one of the key elements of Public Service broadcasting.

In overall terms, television drama (fiction) has often focused on key figures and events that have shaped the memory and identity of our country. Examples of this include *Qualunque cosa succeda*, *Giorgio Ambrosoli - Una storia vera*, *La strada dritta*, about the construction of the Autostrada del Sole, *Non è mai troppo tardi*, a biopic of the maestro Alberto Manzi and *Il giudice meschino*.

In parallel with the production of television drama (fiction) for Rai 1, there has been an increased commitment towards producing for other channels and platforms, characterised by experimentation with language and form.

In addition to the 250 episodes of the soap opera, *Un Posto al Sole*, Rai Fiction has developed innovative productions for Rai 3 such as the sketch-comedy show *Il candidato - Zucca Presidente*, created and written by the web collective *La Buoncostume*.

This is a completely new product which since day-one has achieved viewing figures above the channel's average, with an audience share of 9% and more than 1 million viewers in the late-evening slot.

On Rai 2, original sketch-comedy shows such as *Impazienti* and *Zio Gianni* – the latter created by the web collective *The Pills* – have revitalized access to prime-time television, taking a significant step towards returning television drama (fiction) to prime-time programme scheduling.

Another point of note from an editorial and production viewpoint is that 2014 was the year in which the conditions were created for the hoped-for convergence between generalist television and new media.

Rai Fiction has played a key role in this context; on the one hand by developing cross-media strategies to lead the public towards generalist television – such as through *Braccialetti rossi* and the significant related campaign on social media – on the other hand by developing narrative concepts that can be adapted to suit various platforms and utilising the best web talents to produce original content.

All of the above confirm the chance to play in a richer and more varied environment and the opportunity for Rai to line up alongside the largest international media companies.

In addition to producing television drama (fiction), Rai Fiction also co-produces cartoons. For the main part, these are serial productions aimed at the children and families who tune in on a daily basis to the thematic channels Rai YoYo and Rai Gulp; they are original productions and

are in-line with the top-rated international products acquired by the Company and have achieved excellent results and high approval ratings. Alongside remakes of old CGI products such as *L'Ape Maya* and *Calimero*, productions made in 2014 include the Japanese series *Mofy*, co-produced with Sony and made in cotton-motion by an Italian studio and the Enzo D'Alò series *Pipi, papà e Rosmarina*.

## Teche

During 2014, Rai Teche (Rai's multi-media catalogue) developed a series of initiatives aimed both at reinforcing internal business support activities and consolidating the Rai brand as the Public Service reference point for Italy's audio-visual history.

This was an important achievement, facilitated in part by the celebrations of the 90<sup>th</sup> anniversary of Rai Radio and 60<sup>th</sup> anniversary of Rai Television that highlighted the extraordinary significance of Rai as a communications medium throughout the Twentieth Century.

Rai Teche makes a fundamental contribution to the channels and newsdesks through its Multi-media Catalogue, which contains 1.5 million hours of researchable television product and 1.3 million hours of researchable radio product.

During 2014, Rai Teche almost doubled the number of documented hours with respect to those documented in 2013.

At the end of 2014, the Multi-media Catalogue contained 75 million documents, 75 thousand thematic books, and 45 thousand photographs. More than 12,000 registered users consult the archives each day to acquire materials for use in making programmes, resulting in over 560,000 researches every month.

Rai Teche is also responsible for other, equally important, activities including management of the rights archive, to support increased use of archive materials in network programming, and digitalization of the archive heritage. During 2014, Rai Teche continued the important task of enhancing the value of Rai records and history as a national historical source and object of study. Indeed, there is an ever increasing demand from both private and institutional interlocutors for historical materials relating to all types of celebration and anniversary.

***“The Rai archive is a unique company asset and is of great value to the country. This is why UNESCO has included Rai Teche in the official register of Italian records.”***

## Radio

In terms of strategic direction in relation to product offering, production and marketing, Rai's key objectives are to be present on all analogue and digital platforms and to reaffirm RadioRai's central position on the market and among listeners, as an integral part of the Rai Media Company.

Key management actions include the extension of the editorial offering to the web and social networks and the development of digital broadcasting (Dab+), increasing the perception and value of Public Service radio.

2014 was dedicated to the definition of programme scheduling models aligned with the editorial mission of the individual channels. Management action was taken to improve the perception and profile of Radio 1 and Radio 2, change the format of news editions and develop on-line content and social activities.

Implementation of the on-line offering and digital services involved all the channels – ranging from thematic products being broadcast in audio/video streaming to the exceptional results achieved by RadioRai podcasting (around 80 million downloads) and from examples of cross-media products involving radio-tv-web-social network to the new design of Web Radio currently being developed.

The new version of the RadioRai app for smartphones and tablets (more than 1 million downloads in just a few months) has given a real boost to "on the move" listening which is becoming more popular with listeners.

On the technological front, the advance of Dab+ has been an important step with the digital network now being extended to the western part of Piemonte, Valle d'Aosta and Umbria.

Overall radio listening figures are in slight decline (-1.5% on an annual basis) and Radio Rai results are as follows:

- Radio 1 had an average 3.965 million listeners per day (representing an audience share of 5.2%);
- Radio 2 had an average 2.826 million listeners per day (representing an audience share of 4.0%);
- and Radio 3 had an average 1.32 million listeners per day (representing an audience share of 2.1%).

With regard to listening figures, work is still going ahead to reach an agreement among market operators, with the involvement of Upa and support of AGCOM, to define a new and more accurate monitoring system.

A first step has been successfully reached with a meeting of editors now taking place, supported by a technical committee charged with examining research projects for 2015-2016.

The growth in on-line listening has been well documented in periodic reports relating to portals, live streaming, podcasting, RadioRai on iTunes and RadioRai apps. Overall, radio listening on digital devices shows partially as yet unexpressed potential, even in relation to podcasting, which is the most significant such activity.

All of the Radio channels were involved, in keeping with their own individual profiles, in the 90<sup>th</sup> anniversary of Radio. The occasion was marked by a significant advertising campaign (*La Radio si racconta*) including materials from the audio archives.

On the day of its 90<sup>th</sup> anniversary (6 October, 2014), Rai celebrated Radio with a cross-media event involving all media including national and regional news programmes.

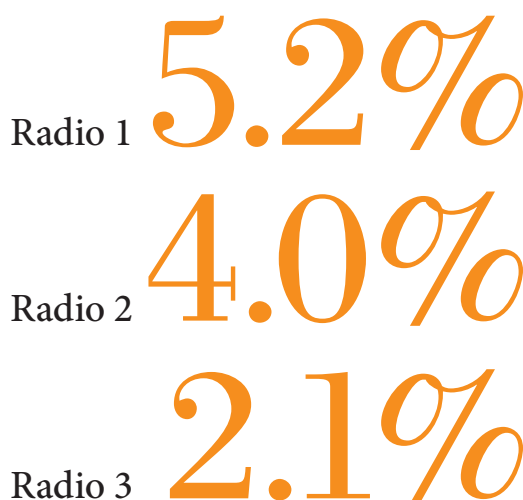
## Channels

### Radio 1 - Giornale Radio - GR Parlamento

Radio 1, RadioRai's flagship station, reports live on all the news and sports information from all over the world. Radio 1 – takes just seconds to recognise and you have 24 hours a day to listen to it.

During 2014, significant steps were taken to provide listeners with the tools required to keep up to date with world events: news slots were increased (with GR1 being broadcast every half-hour), a new afternoon edition of the Regional

## Radio channel audience share



news was broadcast at 18.30hrs and three new press reviews were introduced.

In line with this new editorial approach, the production model was also reorganized. The integration of GrParlamento into the Giornale Radio newsdesk enabled a rationalization of resources and optimization of editorial content.

Radio 1 programming was extended to include themes such as start-ups, innovation, the real economy, the environment, food and digital literacy.

*Eta Beta* and other items in the programming schedule were developed in relation to Expo 2015. E-mail and sms are steadily losing ground to Twitter, Facebook e Whatsapp, with the last of these being used live on radio to receive audio messages.

Radio 1 is not an all-news channel in the traditional sense, but it has a flexible programming schedule that can be adapted to deal with any event; during 2014, such events included Gr 1 Special news editions covering the canonization of Pope John XXIII and Pope John Paul II, the May Day holiday, the European and administrative elections, the Pope's visit to the Holy Land and the Pope's speech to the European Parliament in Strasbourg.

Fiorello conducted the first programme wholly produced with sound from a smart phone, in which a bar in Rome takes the place of a studio and background sounds are those of a city waking up.

Radio 1 is also the channel for music and, even more so, it is the sports channel, with coverage ranging from football to Formula 1 and from volleyball to Moto Gp. During 2014, sports coverage included 43 hours of broadcasting per week, 9 separate daily slots for sports journalists, a total of 1,840 hours broadcast during the year, 380 commentaries of Serie A and 420 of Serie B football matches, in addition to commentaries of Champions League, Europa League, International, Under-21 and Coppa Italia football matches, basketball matches and coverage of the entire Brazil World Cup.

In 2015, Rai 1 will face new challenges including RadioDays Europe, Expo 2015 and preparation for the European Football Championships and Olympics that will take place in 2016. It will also give a greater international flavour to the opening programme in the schedule with highlights from European, USA, Australian, Chinese and Russian news programmes and news programmes in Arabic such as Al Jazeera, Al Arabja e Al Mayadeen.

## Radio 2

**Radio 2, a radio of people and ideas, of strong content and light style, with the most eclectic and original musical proposals, the best-loved variety shows, the most contemporary and irreverent comedies. Radio 2 is a different type of radio.**

Radio 2 is contemporary radio that you listen to, you watch and you share.

Radio 2 provides intelligent entertainment that is fun and has a light-hearted approach to music, trends, festivals and other performances and events in Italy.

2014 was focused on a cross-media project to increase brand value in terms of Public Service. The increase in on-line listening and pod-casts confirm a mission based on inter-activity that recognizes social media as the environment in which to develop a wide ranging community of listeners and produce ad hoc products like *Pezzi da 90* and *BBang*.

Key innovations have included the return of *Hit Parade*, the programme introduced by Lelio Luttazzi back in the days of vinyl records, which has now taken on a new lease of life in the world of music in streaming.

During the Summer, in relation to the 100<sup>th</sup> anniversary of the First World War, Radio 2 and Radio 3 were involved in the creation and production of the *Sentiero di pace* project. In collaboration with the EBU, Radio 2's daily music programme, *Rataplan*, presented two specials dedicated to Peace with concerts by 4 artists from Italy, Germany, the United Kingdom and France.

The cult programme *Un giorno da pecora*, in Rio-football guise, gave us an ironic and amusing look at the Brazil 2014 Football World Cup.

From September onwards, with the objective of attracting young-adult and female listeners, the ranks of Radio 2 presenters were broadened to include celebrities from the worlds of television, cinema and the web, including: Pif, with his morning show, *I provinciali*; Giovanni Veronesi with his *Non è un Paese per giovani* in which he tells tales of young people who have decided to move abroad; Serena Dandini who opens the afternoon schedule with *#staiSerena*; Costantino Della Gherardesca, on the trail of new sounds and trends with *Acapulca*; and the blogger Macchianera and the tweetstar Staziitta who present *Share*, a programme about the web. Innovation has continued into 2015 with two new programmes with innovative form and language: *Radiobattle*, produced in collaboration with EBU, which brings together 12 public and private radio stations in 12 different countries; and *Una vita*, a story-telling programme, created and presented by Matteo Caccia, based on a sort of participative observation that involves all of us as it travels

through the various junctures and stages of our lives.

Radio 2 puts entertainment to the fore, with a rich and varied mainstream musical offering, in a programming schedule characterized by a clearly identifiable music-style that offers listeners a pleasant, stimulating and captivating soundtrack. Editorial synergies with television programming have been achieved thanks to the presence of Fabio Canino on Rai 1, Costantino Della Gherardesca on Rai 2, and Max Giusti with his daily Radio 2 spin-off programme *Supermax* on Rai 2.

### Radio 3

**An unbeatable mix of culture, quality music and original takes on arts and the world, an inimitable blend of tradition and experimentation, Radio 3 is always unique.**

During 2014, certain of the defining aspects of Radio 3 programming were strengthened, including discussion and analysis and coverage of significant national and international musical and cultural events. In addition, Radio 3 embraced innovation with new programmes and language and took up the challenge posed by new technologies.

Radio 3's musical billboard, which ranges from classical music to jazz, hosted 909 concerts, (253 of which live) from some of the most important national and international theatres including La Scala in Milan, Santa Cecilia, the New Year Concert from Vienna and the Wagner Cycle from Bayreuth, to name but a few.

During 2014, homage was paid to Maestro Claudio Abbado; *Radio3Suite* broadcast a series of unique interpretations from 1959-1985 with soloists of the calibre of Martha Argerich and Maurizio Pollini who collaborated with the Maestro throughout his long career, as well as numerous rare pieces.

Radio 3 was also present at a range of other significant cultural events including: the Salone del libro in Turin and the Festival Letteratura in Mantova; Libri-come at the Auditorium Parco della Musica and Più libri più liberi in Rome; the Festival dell'Economia in Trento and Festival della Filosofia in Modena; cinema festivals in Cannes, Berlin, Venice, Turin and Rome; and the Festival Internazionale in Ferrara.

A series of festivals organized directly by Radio 3 (including *Radioeuropa - La festa di Radio 3* in Perugia and the fourth edition of *Materadio - La festa di Radio 3* in Matera) demonstrated a particularly high level of commitment which was

echoed by a high level of spectator participation, both local and general.

The numerous recordings of contemporary theatre and live music from the Sala A in Via Asiago offered another occasion for direct contact with the audience.

As in past years, key dates have been remembered by particular attention being given to the themes and language of contemporary culture: the *Memoria*, emigration, the first day of school, the rights of children and adolescents, *Radio la Liberazione*, *La Rete contro le mafie* and the Berlin Wall, 25 years later.

Radio 3 makes a special effort to make the content of its programmes accessible to a wide audience by maintaining a large and precious archive on our site which from time to time is added to by ad hoc pages full of extra materials.

To celebrate its tenth anniversary, *Ad alta voce* broadcast *I Promessi Sposi*, read by ten great actors, in fifty episodes.

For the 450<sup>th</sup> anniversary of the birth of William Shakespeare, Radio 3 broadcast a reading of all 154 of his sonnets interpreted by the best British and Italian actors.

And the list goes on including celebration of the anniversaries of the Great War, Machiavelli, Boccaccio, Galileo and Cesare Beccaria.

During 2014, interaction with listeners was strengthened through increasing involvement in social networks with the Instagram profile Radio3\_Rai being added to the already existing Facebook page, Radio 3 Rai, and the Twitter account, @radio3tweet.

One of the key initiatives in 2015 is the new programme, *Museo nazionale*, covering one hundred works of art linked to the history of Italy.

### Public Service Channels

During 2014, **Isoradio** carried out its Public Service, maintaining 24 hour a day programming with traffic and travel updates and music.

At times when traffic is particularly heavy and, in particular, during holiday periods, links with the Polizia Stradale (traffic police), the Società Autostrade (motorway company), ANAS (company responsible for managing road system in Italy) and the port, airport and railway authorities are intensified to ensure that timely and continuous information on the state of traffic is provided to listeners.

During the year, Isoradio launched a campaign in favour of a new law on road homicide, involving representatives of the various relevant institutions,



experts and listeners. It also organized special events including *Crash Art*, an important initiative to raise awareness of road safety issues among young people.

The event was held at Montecitorio, with the participation of the President of the Chamber of Deputies, Laura Boldrini.

New projects include participation in the '*Velocità e Lentezza*' project, a tour of the *Città dei Motori* promoted by ANCI e Polizia Stradale.

**Fd4**, the light music channel, offers high-quality programming with new music from all over the world, designed for listeners whose tastes range across rhythms and genres.

A new programme, *La Campanella*, has been produced for **Fd5**, the classical music channel. It is broadcast in five episodes per week (available on the Rai site) and capitalizes on the enormous musical archive of Radiofd5 to provide materials for primary and middle schools for use in music classes. The project has been recommended by the MIUR (Ministry for Education, University and Research) which sent a circular to all public education institution.

## Commercial activities

### Advertising

In line with the difficult economic situation, the decline in the advertising market continued throughout 2014, closing the year with a further decrease of 2.7% with respect to the previous year.

In this difficult market context, and in part due to the advertising related to the football World Cup, **Rai Pubblicità** performed better than the market as a whole with advertising revenues decreasing by only 1%.

Indeed, notwithstanding the significant market contraction in the past 5-6 years, revenues for the 2014 football World Cup (Euro 64.4 million) were the highest of all time in absolute terms, accounting for 9.5% of total advertising revenues in 2014 as compared with 4.3% in 2006.

In addition, advertising revenues from the 2014 edition of the Sanremo festival were the highest of all time.

As a result of its profound transformation during the past two years, in terms of organizational structure and commercial strategies and policies, Rai Pubblicità is steadily winning back market share. Key elements in this recovery have included:

- the global restructuring of the organization and the core business processes;

- the realignment of catalogues and policies for dealing with media centres to reflect market best practice;
- leveraging the excellence of Rai's programming;
- the increase in the customer portfolio to include areas of the market not previously covered.

The result has been to overturn the downward trend of Group advertising revenues (both with respect to the market and with respect to the main competitors) and achieve the objectives set in terms of market position.

During the 2013-2014 biennium, Rai Pubblicità maintained performance levels above those of the advertising market in general and above those of the television market, its main reference point.

In July 2013, AIR, a new internal creative agency, was established within Rai Pubblicità; part of its mandate is to provide an ever more comprehensive and high-quality service to customers.

Features introduced during 2014, the agency's first year of operations included *Intervallo 2.0* e *Carosello Reloaded*, a re-launch of historical Rai brands, *Te amo Brasil* and *We love football* for sports content and most recently, *È tutto un quiz*, a product branded quiz show (in which the customer's product is the object of the quiz) that can be used on all Rai channels; and *Camaleonte*, which personalizes customer advertisements.

AIR's success, in addition to being a great instrument for advertisers, is in its role as an incubator of creativity and innovation, a necessary function in a market where competition is ever more intense and where research and development and innovation are key to success.

Advertising revenues in 2014 amounted to Euro 674.9 million compared to Euro 682.2 million in 2013, a net decrease of 1%. Overall, television achieved a positive result thanks in part to the success of product placement which is increasingly valued by advertisers. The internet too performed well, while the negative trend of radio advertising revenues is explained by increased competition. Cinema advertising revenues continued their negative trend in line with the market.

### Rai Pubblicità's strategic development policies

Against this background, Rai Pubblicità has set itself the objective of leveraging Rai's cross media content offerings, honing-in on the particular characteristics of the target audience on each platform.

The key terms of Rai Pubblicità's strategic development policies are as follows:

- **values:** the objective is to find harmony between the values expressed by Rai through its programming and the values of the customer brands. To this end, a new value planning approach has been introduced based on identifying clusters of customers against the thematic area and programming content dimensions;
- **editorial content and target audience:** everaging Rai's premium content (special events etc.);
- **improvement of market proposals:** in terms of diversification by type (e.g. sports, films, culture) thereby increasing the focus of proposals on specific target audiences;
- **profitability:** bearing in mind Rai's crowding limits which are lower than those of the main competitors.

In addition, significant attention will be given to technological innovation and how it can be applied to advertising, for example through interaction between classic media and exploitation of mobile media (e.g. Second Screen on television and Proxee in cinemas).

## Commercial development

Rai's commercial activities, previously managed directly by Rai and now managed by a wholly owned subsidiary of the Parent Company, involve the management of intellectual property rights belonging to Rai and third parties to generate resources in addition to those provided by the licence fee and advertising income; such commercial activities are pursued on a variety of markets, in different business areas and on numerous projects.

Key areas of activity include the following.

### Musical Editions and Productions

The Musical Editions area develops and promotes the catalogue of musical publications with a view to its use in the classical music (both contemporary and non-contemporary) used in radio and television broadcasts and record production. It also purchases rights, produces and sells rights and distributes soundtracks, original music for radio and TV productions, contemporary and classical music and prose in Italy and abroad. With regard to musical publications and productions used in radio and television programming, during 2014, the original music used in entertainment and cultural programmes and documentaries was published. In addition, original music was produced to advertise the network and accompany other institutional messages, such as *Rai's Licence fee campaign*.

Numerous Rai musical productions (including 20 soundtracks) were used in Rai's television drama (fiction) productions and in Marco Pontecorvo's film *Tempo instabile con probabili schiarite*, musical scores written by Francesco De Luca and Alessandro Forti, and starring John Turturro and Luca Zingaretti.

With regard to the performing arts, in coordination with both generalist and thematic channels, Rai acquired the filming rights and coordinated the production of 12 operas, 26 theatre productions, 4 ballets and 36 concerts.

In particular, in a worldwide first, one of the operas was filmed using the innovative 4k (ultra HD) technology; the production won an award at the Eutelsat Awards 2014 and has since been sold to a significant number of prestigious international customers.

Certain of the opera productions seen on *Suonare Italiano 2014* have been included in an exclusively-branded international collection, which will be distributed abroad on a cinematographic digital platform to showcase the excellence of Italian theatres.

### Agreements with the Public Administration

This activity includes:

- the creation, production and distribution of integrated and multi-platform educational, communication and information products to support the various institutional objectives of the Public Administration bodies in question; such initiatives involve the production of editorial analysis, short films and ad hoc programmes as part of the concession holder's radio and television programming activities;
- the production of radio and television programmes for linguistic minorities and Italians abroad to promote the spread of Italian culture throughout the world;
- the promotion of Italy through localization of productions which in turn generates additional value.

The agreement regarding EXPO Milano 2015 merits special mention as it has involved all of the radio and television programming schedules in the communication effort undertaken to provide information about and advertise the event.

Overall, during 2014, Rai's activity in this area suffered from the lower than expected availability of resources made available by the Finance Law for central and local public administrations as this inevitably had a negative impact on agreements regarding institutional communication campaigns and other forms of collaboration with Rai.

## Sale of rights

Initiatives in this area resulted in excellent results being achieved during 2014.

Sound performances by the Teche (multi-media catalogue) and licensing areas – in no small part due to the success achieved in selling the *Peppa Pig* brand and to a lesser extent, the *Mofy* brand – offset the negative results achieved on the home video market, which continues its ongoing decline. Good performances were, however, achieved by the DVD series realized in collaboration with Rai Storia dedicated to the First World War and by the first series of the television drama (fiction) *Braccialetti Rossi*.

## Sale of sports rights

Key activities in this area included:

- production and international distribution of the thematic channel, Juventus TV, and international distribution of Roma TV e Inter Channel;
- the international sale of archive rights relating to certain Serie A and B clubs including Juventus, Inter, Sampdoria, Chievo, Atalanta, Bologna, Empoli and Cesena;
- sale of rights to friendlies played by the national football team and the Under-21s.

## Sport Library

Further steps were taken to add to the football libraries, with agreements being entered into with 4 Serie B clubs (Perugia, Vicenza, Pro Vercelli e Frosinone) thanks also to the collaboration of the related League authority.

In addition, agreements have been reached with two more football clubs, Catania and Cagliari.

## Rai Eri

During 2014, Rai Eri published a total of 35 titles, including editions and co-editions.

On the occasion of the 60<sup>th</sup> anniversary of television and 90<sup>th</sup> anniversary of radio, Rai Eri published *Ricorderai*, on the history of Italian radio and television which sold well in bookshops and through certain dedicated marketing operations. Rai Eri also published the catalogue (co-edited with Skira) for the *La Rai racconta l'Italia* exhibition. Rai Eri has always published books written by Rai presenters and celebrities (such as Vespa, Giacobbo, Conti, Angela, Clerici etc.) or linked to characters in Rai productions; the success of the *Braccialetti Rossi* and *Il Mondo di Braccialetti Rossi* books (with over 150,000 copies being sold) confirms the strong link between television viewing figures and sales of editorial products.

## Other activities

### Broadcasting activity

Following completion of the global offering, on November 19, 2014 Rai Way shares were placed on the MTE managed by the Borsa Italiana (Italian Stock Exchange) at a price of Euro 2.95 per share, generating receipts for the seller of Euro 280 million.

Prior to commencement of trading, the company structure was stable as Rai Way was a wholly-owned subsidiary of Rai SpA, which directly owned 100% of the share capital.

At the end of the year around 34.93% of Rai Way's share capital was held by third parties.

Rai Way owns the network used for broadcasting and distribution of audio and video content in Italy and abroad, both on behalf of Rai in carrying out its Public Service mandate and on behalf of third parties.

In particular, in carrying out its activities it manages more than 2,300 sites complete with infrastructure and plant for the broadcasting and dissemination of radio and television signals throughout the country; it has 23 operational centres spread throughout the country and a highly qualified workforce of 600.

Its technological assets and specialist know-how are key resources not only for the delivery of current services but also for the development of new activities.

Services offered fall into the following four categories:

- Distribution services, which cover the terrestrial and satellite transportation of radio and television signals across distribution networks to end users in a defined geographical area;
- Broadcasting services, which cover the broadcast of radio and television signals across networks (radio, satellite, fibre optic) and, in particular, the delivery of contribution services, in the sense of uni-directional transport services:
  - between given sites and/orphony/data across analogical or digital circuits;
  - of satellite radio signals to inside a geographical area of a given size (coverage) and related services.
- Tower rental services such as:
  - hosting, or provision of space for transmission (from sites) of radio and television, telephone and telecommunications signals;
  - management and maintenance of transmission plants hosted on sites; and
  - related complementary services.
- Network services which include which include a wide range of services which the company can provide in relation to electronic communication networks and telecommunications in general (for example, planning, production, installation,

maintenance and management as well as consulting, monitoring and radio protection).

Typical Rai Way customers for the above-mentioned services include broadcasters (national and local transmitters of radio and television signals, including Rai), TIC operators (mainly mobile telephone operators) and public administration and corporate customers (including public administration entities and other legal entities).

Rai Way is a leader in the Italian radio and television broadcasting infrastructure market. In the Italian transmission market the main television broadcasting platforms consist in:

- DTT (Digital Terrestrial Television, (both unencrypted and pay-tv),
- DTH (satellite),
- IPTV (internet),
- cable TV.

With respect to other Western European countries, Italy has a far greater distribution of the DTT platform. In other European countries the lower presence of the DTT platform reflects the greater and more competitive presence of the satellite platform (for example in the United Kingdom and Germany), the cable platform (Germany) or IPTV (France).

The strong position of DTT in Italian television broadcasting is enhanced by the absence of cable television (typically, cable television operators are the strongest competitors in the television and broadband markets at the European level) and the de facto absence of IPTV, as a result of the limited presence of broadband networks able to support the related services.

With regard to the Italian radio market, programmes are broadcast in both analogue and digital format (DAB - Digital Audio Broadcasting) and, as in many other European countries, no date has yet been set to switch-off the analogue signal.

In view of the nature of its network, Rai Way offers tower rental services to its customers. The company operates in the telecommunications tower market together with 4 mobile network operators (MNOs): TIM, Vodafone, Wind and 3 Italia. At December 31, 2014, such operators are vertically integrated and for the main part own their respective towers.

The most significant initiatives during 2014 involved entering into a new service agreement with Rai, the agreement of two contracts with mobile telephone operators and the start of negotiations with a third mobile telephone operator for the renewal of the relative hosting agreement and service supply.

Rai and Rai Way have entered into a new service agreement under which Rai has entrusted to Rai

Way, on an exclusive basis, a range of services that will allow Rai:

- to transmit and broadcast the multiplexers assigned to by relevant legislation, throughout Italy and overseas; and
- to deliver its Public Service mandate.

Rai Way is offering a new service to mobile telephone companies in an effort to develop new generation networks and consolidate relations with individual operators. In particular, the new service foresees tariff incentives linked to the development of telecommunications networks and infrastructures located on Rai Way managed sites.

During 2014, several new television and radio signal broadcast sites were activated. In addition, as further evidence of the worth of Rai Way's offering, public administration entities have requested activation of new sites.

In terms of international activities, Rai Way has entered into a contract with one of the main Indonesian commercial broadcasters to plan and build a DVB-T2 network in the Jakarta area for mobile television services.

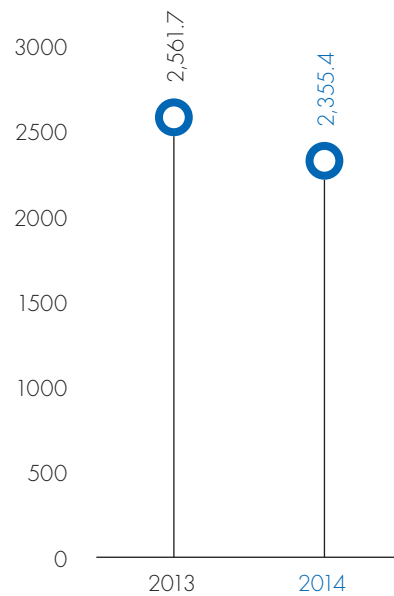
## Review of Parent Company's results and financial situation

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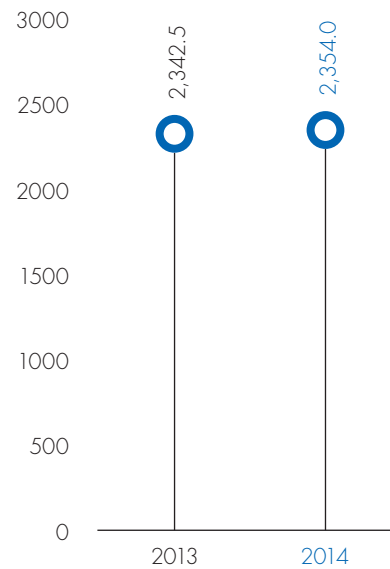
# Highlights

(millions of Euro)

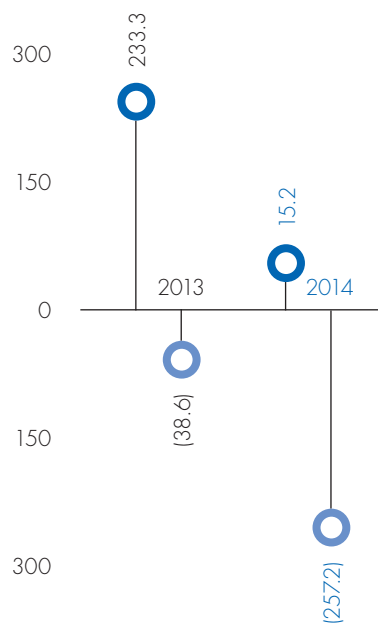
## Revenues



## Operating costs

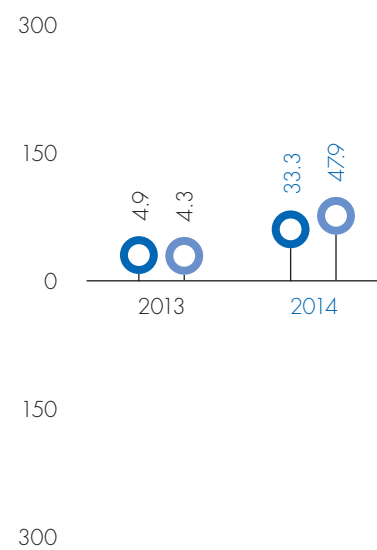


## GOP - Operating result

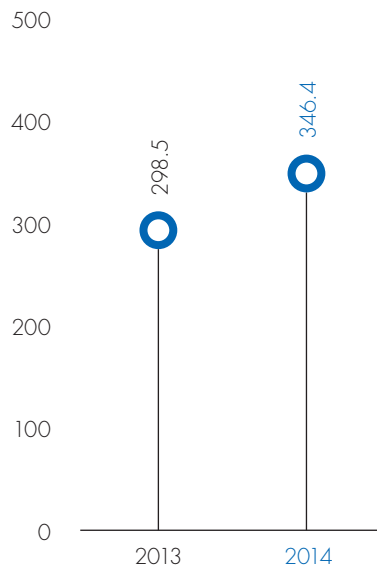


## Result before taxes

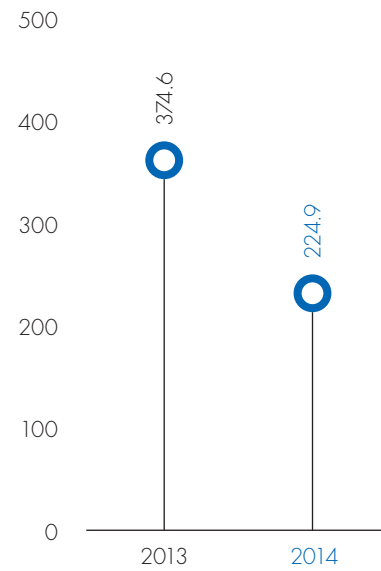
Net profit for the year



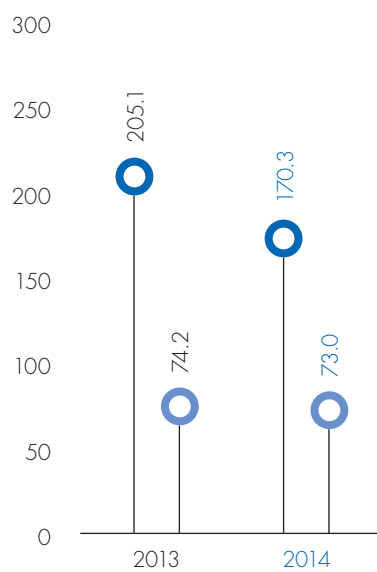
## Net Equity



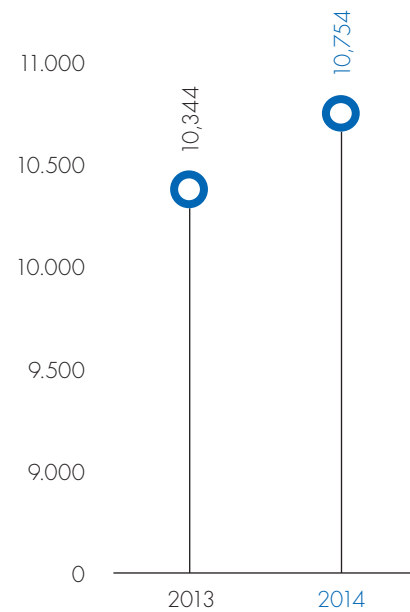
## Net financial debt



## Investments in programmes and others



## Number of employees as at 31 December (in units)



## Reclassified financial statements

### Income Statement

(millions of Euro)	2014	2013	Change	%
Revenues from sales and services	2,355.4	2,561.7	(206.3)	-8.1
Change in inventories of work in progress, semi-finished and finished products	0.0	(0.2)	0.2	-100.0
Internal cost capitalisations	13.8	14.3	(0.5)	-3.5
<b>Total revenues</b>	<b>2,369.2</b>	<b>2,575.8</b>	<b>(206.6)</b>	<b>-8.0</b>
External costs for significant sports events	(94.6)	0.0	(94.6)	=
Other costs of materials and external services	(1,354.4)	(1,436.7)	82.3	-5.7
Personnel costs	(905.0)	(905.8)	0.8	-0.1
<b>Total operating costs</b>	<b>(2,354.0)</b>	<b>(2,342.5)</b>	<b>(11.5)</b>	<b>0.5</b>
Gross operating margin	15.2	233.3	(218.1)	-93.5
Amortisation of programmes	(142.6)	(198.9)	56.3	-28.3
Other amortization and depreciation	(73.0)	(69.2)	(3.8)	5.5
Other net expenses	(56.8)	(3.8)	(53.0)	1,394.7
<b>Operating result</b>	<b>(257.2)</b>	<b>(38.6)</b>	<b>(218.6)</b>	<b>566.3</b>
Net financial expense	(13.2)	(9.5)	(3.7)	38.9
Income from equity investments	80.6	61.9	18.7	30.2
<b>Result before exceptional items</b>	<b>(189.8)</b>	<b>13.8</b>	<b>(203.6)</b>	<b>-1,475.4</b>
Exceptional income and (expense) - net	223.1	(8.9)	232.0	-2,606.7
<b>Result before taxes</b>	<b>33.3</b>	<b>4.9</b>	<b>28.4</b>	<b>579.6</b>
Income taxes for the year	14.6	(0.6)	15.2	-2,533.3
<b>Net profit (loss) for the year</b>	<b>47.9</b>	<b>4.3</b>	<b>43.6</b>	<b>1,014.0</b>

### Balance Sheet

(millions of Euro)	12.31.2014	12.31.2013	Change
Non-current assets	1,314.8	1,237.6	77.2
Working capital	(493.7)	(306.7)	(187.0)
Provision for staff severance pay	(249.8)	(257.8)	8.0
<b>Invested capital</b>	<b>571.3</b>	<b>673.1</b>	<b>(101.8)</b>
Equity	346.4	298.5	47.9
Net financial debt	224.9	374.6	(149.7)
	<b>571.3</b>	<b>673.1</b>	<b>(101.8)</b>



## Review of results and financial situation

### Income Statement

The Parent Company's income statement for 2014 shows a **net profit of Euro 479 million**, an increase compared with the profit of Euro 4.3 million recorded in 2013.

The result reflects the provisions of Decree-Law 66 of 24 April 2014, as amended by Law 89, dated 23 June 2014, which provides that the licence fees to be paid to Rai for 2014 as concession holder be reduced by Euro 150 million. The result also reflects the effects of the sale of 34.93% of the shares in Rai Way through public offer for sale which generated a capital gain, net of placement costs, of approximately Euro 228 million.

The following section provides an overview of the main items in the income statement and the reasons for the most significant changes from the previous year.

Before proceeding, it is noted that, during 2014, certain operations were completed which had the effect of reorganizing the structure of the company and its business. These include acquisition of the 'internet' business from RaiNet (now Rai Com) and transfer of the 'commercial' business to Rai Com, both effective 30 June 2014, and the merger by acquisition of Rai World into Rai on 31 December 2014, effective 1 January 2014. The following comments clearly highlight where such structural changes undermine meaningful comparison of figures with those from the prior period.

### Revenues from sales and services

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

They amount to Euro 2,355.4 million, a decrease of Euro 206.3 million (-8.1%) compared to 2013.

**Licence fees** (Euro 1,590.6 million). These include licence fees for the current year as well as fees relating to prior years which have been recovered through standard enforcement procedures.

As shown in the following table, with respect to 2013, licence fees for the current year and for prior years recovered through standard enforcement procedures decreased significantly by Euro 165 million (-9.4%).

For the main part, such decrease is explained by the reduction in license fees for 2014, of Euro 150 million, provided for by the aforementioned Law 89, dated 23 June 2014.

### Revenues from sales and services

(millions of Euro)	2014	2013	Change	%
Licence fees	1,590.6	1,755.6	(165.0)	-9.4
Advertising	597.7	597.6	0.1	0.0
Other revenues	167.1	208.5	(41.4)	-19.9
<b>Total</b>	<b>2,355.4</b>	<b>2,561.7</b>	<b>(206.3)</b>	<b>-8.1</b>

### Licence fees

(millions of Euro)	2014	2013	Change	%
Fees for the year – ordinary subscribers	1,492.5	1,662.7	(170.2)	-10.2
Fees for the year – special subscribers	76.1	74.4	1.7	2.3
Fees recovered through enforcement procedures	22.0	18.5	3.5	18.9
<b>Total</b>	<b>1,590.6</b>	<b>1,755.6</b>	<b>(165.0)</b>	<b>-9.4</b>

The decrease is further explained by the fact that, while the per-unit licence fee remained constant at Euro 113.50, there was a reduction in the number of paying subscribers due to a significant reduction in the number of new subscribers and an increase in the number of subscribers not paying on time, both of which are linked to the difficult economic situation in Italy.

Once again in 2014 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 force in selected European countries.

### *Licence fee in Europe*

(Euro)	
Austria	193.92
Denmark	326.45
France	133.00
Germany	215.76
Italy	113.50
United Kingdom	175.31
Sweden	225.00
Switzerland	378.78

**Advertising.** The decline in the advertising market continued in 2014; the total value of advertising in 2014 fell by 2.7% with respect to the previous year (Nielsen).

While the advertising market cycle continues to be negative, the trend appears to be improving compared to 2013 which saw a contraction in the market of -12.4%. The 2014 result benefitted from a significant increase in advertising in June and July in relation to the football World Cup.

Analysis of advertising trends in the various media, shows that TV advertising remained relatively constant, newspaper and press advertising continued to suffer and web advertising was the only positive area, albeit showing limited growth; radio advertising also recorded a loss, however the worst situation was in cinema advertising which suffered most.

In this context, and in part due to the advertising related to the football World Cup and to a lesser extent to web advertising from which Rai now benefits following acquisition of the 'internet' business from RaiNet, Rai's **advertising revenues** (Euro 597.7 million) were in-line with those in the prior year, as shown in the following table.

### *TV suscriptions - changes*

	2014	2013	2012	% 2014/2013
New	253,543	355,376	506,486	-28.7
Renewals	15,469,260	15,636,145	15,614,136	-1.1
<b>Paying subscribers</b>	<b>15,722,803</b>	<b>15,991,521</b>	<b>16,120,622</b>	<b>-1.7</b>
Late/non-paying	1,287,191	1,091,104	963,091	18.0
<b>Registered subscribers</b>	<b>17,009,994</b>	<b>17,082,625</b>	<b>17,083,713</b>	<b>-0.4</b>
% late/non-paying	7.67%	6.51%	5.79%	
Cancellations	326,174	356,464	357,737	-8.5
Cancellations + late/non-paying	1,613,365	1,447,568	1,320,828	11.5

### *Advertising*

(millions of Euro)	2014	2013	Change	%
TV advertising on generalist channels:				
- commercials	410.6	444.9	(34.3)	-7.7
- promotions, sponsorship and special events	96.3	62.1	34.2	55.1
- product placement	3.5	1.9	1.6	84.2
	<b>510.4</b>	<b>508.9</b>	<b>1.5</b>	<b>0.3</b>
On thematic channels	60.1	60.3	(0.2)	-0.3
	<b>570.5</b>	<b>569.2</b>	<b>1.3</b>	<b>0.2</b>
Radio advertising	23.9	26.1	(2.2)	-8.4
Cinema advertising	2.5	0.0	2.5	=
Other advertising	0.8	2.3	(1.5)	-65.2
<b>Total</b>	<b>597.7</b>	<b>597.6</b>	<b>0.1</b>	<b>0.0</b>

**Other revenues** decreased by Euro 41.4 million (-19.9%) as shown in the following table.

In considering the change in other revenues with respect to the prior year, it is recalled that following the transfer of the 'commercial' business to Rai Com during the year, part of the related revenues are now kept by Rai Com and reported in its financial statements, with the result that Parent Company revenue is similarly reduced from 30 June 2014, the date on which the transfer took place.

This brings to a decrease in costs in consequence of the externalisation of the commercial business.

It is also noted that as a result of the merger of Rai World into Rai, certain intercompany revenues which were present in 2013 no longer exist.

Given the above, the reduction in other revenues with respect to 2013 is less significant and is for the main part explained by the reduction in revenues from sale of rights to use archive materials to football clubs.

As shown in the table alongside, the trends as described above have led to a slight increase in the relative importance of advertising revenues as a percentage of total revenues.

## Operating costs

Operating costs include both external and internal (personnel) costs incurred in the ordinary course of business.

They amount to Euro 2,354.0 million, an increase of Euro 11.5 million (0.5%) with respect to 2013, which is explained below.

**Consumption of goods and external services** - This item includes purchases of goods and services required to make one-time-use programmes (purchases of consumables, external services, artistic collaborations etc.), filming rights for sports events, copyright, services rendered by 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 Authorities etc.).

Compared with the previous year, the item shows an increase of Euro 12.3 million (0.9%), due to the inclusion of costs incurred during the year in relation to significant sporting events which take place on a four-year cycle (football World Cup and winter Olympic Games) amounting to Euro 94.6 million (of which Euro 90.0 million solely for the purchase of the rights).

## Other revenues

(millions of Euro)	2014	2013	Change	%
Special services under agreement	48.0	49.9	(1.9)	-3.8
Services and other performances for subsidiaries	31.1	28.0	3.1	11.1
Sale of rights to use archive materials to football clubs	27.0	47.3	(20.3)	-42.9
Sale of rights and musical publications	23.5	37.5	(14.0)	-37.3
Sundry services, performed mainly for public entities	7.1	8.1	(1.0)	-12.3
Recovery of emoluments and costs of seconded staff	5.7	8.3	(2.6)	-31.3
Technical services for digital terrestrial broadcasting	3.4	3.9	(0.5)	-12.8
Agreements with telephone operators	2.2	2.5	(0.3)	-12.0
Other	19.1	23.0	(3.9)	-17.0
<b>Total</b>	<b>167.1</b>	<b>208.5</b>	<b>(41.4)</b>	<b>-19.9</b>

## % of revenues

	2014	2013
Licence fees	67.5	68.6
Advertising	25.4	23.3
Other revenues	7.1	8.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Net of this component, compared with 2013, external costs decreased by around Euro 82.3 million.

Such overall decrease includes:

- a decrease of Euro 26.3 million relating to the concession fee which, in the absence of the regulation which will specify how it is to be calculated, has been prudently estimated on the basis of the same criteria applied in 2013 (1% of total turnover) and provided against in other net expenses in the amount of Euro 25.3 million;
- a decrease of Euro 18.8 million in filming rights (net of the aforementioned costs relating to significant sporting events) due to a reduction in the cost of sports filming rights;
- a decrease of Euro 7.8 million in services for acquisition and production of programmes due to a reduction in costs related to contracts with football clubs; and
- the remainder of the reduction in external costs is explained by the reduction in costs following the company re-structuring and the effects of initiatives implemented during the year to contain spending which are spread across the various cost items.

### Consumption of goods and external services

(millions of Euro)	2014	2013	Change	%
<b>Materials purchased</b>	16.0	19.2	(3.2)	-16.7
External services:				
Freelance services	121.5	122.9	(1.4)	-1.1
Services for acquisition and production of programmes	169.2	182.0	(12.8)	-7.0
Staff allowances, travel and accessory costs	34.6	34.3	0.3	0.9
Signal broadcasting and transport – Rai Way	187.8	182.1	5.7	3.1
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	136.4	137.7	(1.3)	-0.9
Other	45.7	60.9	(15.2)	-25.0
	<b>695.2</b>	<b>719.9</b>	<b>(24.7)</b>	<b>-3.4</b>
Use of third-party assets:				
Acquisition of viewing rights from Rai Cinema	314.8	313.5	1.3	0.4
Rent and hire costs	48.2	51.1	(2.9)	-5.7
Filming rights (mainly for sports events and the Sanremo Festival)	216.4	145.2	71.2	49.0
Utilisation rights	101.9	106.0	(4.1)	-3.9
Other	3.7	-	3.7	==
	<b>685.0</b>	<b>615.8</b>	<b>69.2</b>	<b>11.2</b>
<b>Change in inventories</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>100.0</b>
<b>Concession fee</b>	<b>0.0</b>	<b>26.3</b>	<b>(26.3)</b>	<b>-100.0</b>
Other operating costs:				
Prizes and winnings	12.5	12.7	(0.2)	-1.6
Authority for Communication Guarantees contribution	3.6	5.2	(1.6)	-30.8
IMU (Municipal property tax)	8.6	8.0	0.6	7.5
Other indirect taxes, duties and levies	8.4	8.8	(0.4)	-4.5
Newspapers, magazines, books and publications	1.7	2.0	(0.3)	-15.0
Membership fees	2.9	2.9	0.0	==
Other	3.8	3.3	0.5	15.2
	<b>41.5</b>	<b>42.9</b>	<b>(1.4)</b>	<b>-3.3</b>
<b>Other</b>	<b>11.1</b>	<b>12.5</b>	<b>(1.4)</b>	<b>-11.2</b>
<b>Total</b>	<b>1,449.0</b>	<b>1,436.7</b>	<b>12.3</b>	<b>0.9</b>

**Personnel costs** - As noted in the following table, personnel costs amount to Euro 905.0 million, a slight reduction with respect to 2013 (-0.1%).

Savings generated by the early retirement incentive programme (which took effect during 2013) offset the natural tendency for personnel costs to increase due to automatic contractual pay increases, contract renewals, the continuation of agreements entered into in 2013 and higher costs resulting from the transformation of fixed-term contracts into permanent ones. Such savings also permitted the re-opening, albeit on a limited scale, of salary negotiations after years of effective freeze on salaries and wages.

Lower inflation also contributed to containing personnel costs, through its positive impact on the revaluation of the provision for staff severance pay, as did the reduction in the provision made for staff litigation issues.

The total **number of employees** at 31 December 2014 was 10,754, an increase of 410 compared to the same date in the previous year. In terms of change during the year, 248 employees left the company, (of which 56 taking advantage of early retirement incentives and 82 in relation to the transfer of the 'commercial' business), while 658 new contracts were issued.

Of the new contracts issued, 368 involved the transformation of fixed-term contracts into permanent contracts, 44 were returns following legal disputes, 120 were apprentice contracts, 37 related to the acquisition of the 'internet' business, 4 related to the Rai World merger and 53 to arrivals from other Group companies.

The **average number of employees** during the year, including those on fixed-term contracts, was 11,635, a reduction of 68 compared to the previous year. The change reflects an increase of 231 employees on permanent contracts and a reduction of 299 employees on fixed-term contracts.

### Gross Operating Margin

As a result of the events described above, the Gross Operating Margin for the year was (positive) Euro 15.2 million, a decrease compared to the previous year (Euro 233.3 million).

### Amortisation of programmes

Amortisation of programmes is related to **investments in programmes** which during 2014 amounted to Euro 170.3 million, a decrease of Euro 34.8 million (-17.0%) with respect to the previous year, due mainly to the lower investment in television drama (fiction).

## Personnel costs

(millions of Euro)	2014	2013	Change	%
Wages and salaries	650.8	649.0	1.8	0.3
Social security contributions	184.4	183.4	1.0	0.5
Staff severance pay	42.9	44.1	(1.2)	-2.7
Pension and similar costs	12.1	12.3	(0.2)	-1.6
Other	14.8	17.0	(2.2)	-12.9
<b>Total</b>	<b>905.0</b>	<b>905.8</b>	<b>(0.8)</b>	<b>-0.1</b>

## Investments in programmes

(millions of Euro)	2014	2013	Change	%
Programmes:				
- Television drama (fiction)	143.8	164.3	(20.5)	-12.5
- Other programmes	26.5	40.8	(14.3)	-35.0
- Cartoons and comedy	7.8	11.9	(4.1)	-34.5
- Classical music and theatre	3.3	5.8	(2.5)	-43.1
- Library usage rights	14.9	22.4	(7.5)	-33.5
- Other	0.5	0.7	(0.2)	-28.6
<b>Total</b>	<b>170.3</b>	<b>205.1</b>	<b>(34.8)</b>	<b>-17.0</b>

**Amortisation of programmes** for the year amounts to Euro 142.6 million, a decrease of Euro 56.3 million (-28.3%) compared to the previous year, in line with the aforementioned trend in investments.

### Other amortisation and depreciation

Other amortisation and depreciation are related to **investments in tangible non-current assets** and **other investments** as shown in the following table.

Tangible assets increased slightly by Euro 0.3 million (+0.5%) with respect to the prior year. Other investments on the other hand, decreased by Euro 1.5 million (-16.1%) in 2014 with respect to the previous year, mainly due to lower capitalized charges on loan agreements.

Amortisation and depreciation for the year in relation to other investments as detailed above amount to Euro 73.0 million, an increase of Euro 3.8 (5.5%) million with respect to 2013.

### Other net expenses

**Other net expenses** comprise income and expenses not directly related to the Company's core business; in 2014, other net expenses amounted to Euro 56.8 million (Euro 3.8 million in 2013).

At a more detailed level, other net expenses include costs for repeat-use television productions which are not expected to be used, repeated or commercially exploited (Euro 22.5 million in 2014, Euro 26.4 million in 2013), the provision for the company supplementary pension fund for ex-employees (Euro 9.0 million in 2014, Euro 4.9 million in 2013), provisions for risks and charges including the aforementioned provision of Euro 25.3 million in relation to the concession fee (Euro 40.6 million in 2014, Euro 13.5 million in 2013), the provision for bad debts (Euro 1.5 million in 2014, Euro 0.6 million in 2013), partially offset by net out of period gains (Euro 3.9 million in 2014, Euro 21.1 million in 2013) and the release of funds allocated in previous years (Euro 12.9 million in 2014, Euro 20.5 million in 2013).

## Amortisation of programmes

(millions of Euro)	2014	2013	Change	%
Programmes:				
- Television drama (fiction)	121.9	172.5	(50.6)	-29.3
- Other programmes:	20.7	26.4	(5.7)	-21.6
- Cartoons and comedy	9.3	11.6	(2.3)	-19.8
- Classical music and theatre	3.6	5.9	(2.3)	-39.0
- Library usage rights	7.5	8.0	(0.5)	-6.3
- Other	0.3	0.9	(0.6)	-66.7
<b>Total</b>	<b>142.6</b>	<b>198.9</b>	<b>(56.3)</b>	<b>-28.3</b>

## Other investments

(millions of Euro)	2014	2013	Change	%
Tangible assets	65.2	64.9	0.3	0.5
Other intangible assets	7.8	9.3	(1.5)	-16.1
<b>Total</b>	<b>73.0</b>	<b>74.2</b>	<b>(1.2)</b>	<b>-1.6</b>

## Depreciation and amortisation of other non-current assets

(millions of Euro)	2014	2013	Change	%
Tangible assets	61.4	58.1	3.3	5.7
Other intangible assets	11.6	11.1	0.5	4.5
<b>Total</b>	<b>73.0</b>	<b>69.2</b>	<b>3.8</b>	<b>5.5</b>

## Operating result

Revenues and costs as described above led to a worsening of Euro 218.6 million in the operating result, which moved from a loss of Euro 38.6 million in 2013 to a loss of Euro 257.2 million in 2014.

## Net financial expense

**Net financial expense** shows a net expense of Euro 13.2 million, (Euro 9.5 million in 2013). The item reflects the income statement effects of normal financial operations and comprises bank interest income and expense, interest due from/to Group companies and net gains/losses on foreign exchange.

With respect to the previous year:

- net bank interest expense was Euro 4.5 million higher as a result of the increase in medium-term debt;
- net interest income from subsidiaries and associated was Euro 0.7 million lower mainly

as a result of the lower receivables due from Rai Way;

- net exchange gains (losses) were relatively stable; and
- other net financial expenses decreased by Euro 1.3 million as a result of a range of factors including lower ancillary bank charges and higher interest on non-trade receivables.

The average cost of borrowing during the year, including current account credit lines, overdraft facilities, stand-by and medium-long term loans was 3.3% (2.9% in 2013) reflecting a higher recourse to medium-long terms with respect to short-term credit.

## Income from equity investments

Income from equity investments amounts to Euro 80.6 million, an increase of Euro 18.7 million with respect to 2013, due mainly to improved results on the part of Rai Cinema, Rai Way and Rai Com, as shown in the following table.

## Net financial expense

(millions of Euro)	2014	2013	Change
Net bank interest expense	(16.0)	(11.5)	(4.5)
Net interest income from subsidiaries and associated	4.2	4.9	(0.7)
Net exchange gains (losses)	(0.3)	(0.5)	0.2
Other net financial expense	(1.1)	(2.4)	1.3
<b>Total</b>	<b>(13.2)</b>	<b>(9.5)</b>	<b>(3.7)</b>

## Income from equity investments

(millions of Euro)	2014	2013	Change
Revaluations/write-downs			
- Rai Cinema	46.6	37.1	9.5
- Rai Way	19.8	11.8	8.0
- Rai Pubblicità	8.2	8.4	(0.2)
- Rai World	0.0	1.9	(1.9)
- Rai Com/RaiNet	6.9	1.0	5.9
- Rai Corporation	0.4	1.0	(0.6)
- Tivù	0.7	0.6	0.1
- Treccani	0.0	(0.1)	0.1
- Auditel	0.2	0.1	0.1
- San Marino	(0.1)	(0.1)	0.0
- Euronews	(2.1)	0.2	(2.3)
<b>Total</b>	<b>80.6</b>	<b>61.9</b>	<b>18.7</b>

**Net exceptional income (expense)**

Net exceptional income of Euro 223.1 million was earned in 2014 (net exceptional expense of Euro 8.9 million in 2013) mainly as a result of the aforementioned gain on the sale of shares in Rai Way.

The following table provides further details.

**Income taxes**

Income taxes amount to a credit of Euro 14.6 million (expense of Euro 0.6 million in 2013) and include current and deferred taxes as shown in the following table.

No amount was booked in respect of IRES as the result for the year was negative for tax purposes.

IRAP, amounting to Euro 19.8 million, was Euro 10.9 million lower than in the previous year as a result of lower income.

Deferred tax assets (Euro 34.4 million) relate to IRES credits resulting from:

- taxable loss for the year, partially offset through Group tax arrangements for tax year 2014 by the taxable profits of subsidiaries, resulting in a tax credit of Euro 32.6 million;
- recognition of temporary differences amounting to Euro 5.1 million relating to programme assets which will certainly be recoverable as they can be transformed into tax credits.

An IRAP credit (Euro 3.3 million at 31 December 2013) has been cancelled due to the effective elimination of taxable income as a result of the full deductibility of personnel costs on permanent contracts introduced by the 2015 stability law, thereby effectively reducing future charges to zero.

**Net exceptional income (expense)**

(millions of Euro)	2014	2013	Change
Early retirement incentives	(5.1)	(9.3)	4.2
Out of period gains (losses)	0.0	0.4	(0.4)
Gain on the sale of Rai Way shares	236.3	0.0	236.3
Rai Way shares placement costs	(8.1)	0.0	(8.1)
<b>Total</b>	<b>223.1</b>	<b>(8.9)</b>	<b>232.0</b>

**Income taxes**

(millions of Euro)	2014	2013	Change
IRES	0.0	0.0	0.0
IRAP	(19.8)	(30.7)	10.9
Deferred tax liabilities	0.0	2.1	(2.1)
Deferred tax assets	34.4	28.0	6.4
<b>Total</b>	<b>14.6</b>	<b>(0.6)</b>	<b>15.2</b>



## Balance Sheet

### Non-current assets

The following table provides details of **tangible assets**, which increased with respect to the prior year.

**Investments in programmes** relate mainly to television drama (fiction) which amounted to Euro 256.8 million at 31 December 2014 and accounted for the largest share of total investments during the year (Euro 143.8 million).

The following table provides details of investments in programmes.

The value of **equity investments** increased by Euro 67.3 million following the transfer of the 'commercial' business to Rai Com and the positive results for the year of subsidiary and associated companies which are valued on a net equity basis (less dividends paid) as well as the effects of the sale of a share of the equity of Rai Way and elimination of the investment in Rai World following the merger.

### Non-current assets

(millions of Euro)	<b>12.31.2014</b>	12.31.2013	Change	%
Tangible assets	373.7	365.8	7.9	2.2
Programmes	372.0	366.7	5.3	1.4
Equity investments	537.7	470.4	67.3	14.3
Other non-current assets	31.4	34.7	(3.3)	-9.5
<b>Total</b>	<b>1,314.8</b>	<b>1,237.6</b>	<b>77.2</b>	<b>6.2</b>

### Tangible assets

(millions of Euro)	<b>12.31.2014</b>	12.31.2013	Change	%
Land and buildings	159.6	163.6	(4.0)	-2.4
Plant and machinery	142.0	112.1	29.9	26.7
Industrial and sales equipment	3.2	3.7	(0.5)	-13.5
Other assets	27.2	26.4	0.8	3.0
Tangible assets under construction and paymens on account	41.7	60.0	(18.3)	-30.5
<b>Total</b>	<b>373.7</b>	<b>365.8</b>	<b>7.9</b>	<b>2.2</b>

### Investments in programmes

(millions of Euro)	<b>12.31.2014</b>	12.31.2013	Change	%
Television drama (fiction)	256.8	257.6	(0.8)	-0.3
Others	115.2	109.1	6.1	5.6
<b>Total</b>	<b>372.0</b>	<b>366.7</b>	<b>5.3</b>	<b>1.4</b>

Details of equity investments are provided in the following table.

The following table provides details of **other non-current assets**.

### Working capital

The following table provides details of working capital.

The change (Euro -187.0 million) with respect to the prior year is for the main part due to the decrease in trade receivables (Euro -181.3 million) following transfer of the 'commercial' business.

### Equity investments

(millions of Euro)	12.31.2014	12.31.2013	Change	%
<b>In subsidiaries:</b>				
Rai Cinema SpA	279.2	267.8	11.4	4.3
Rai Corporation in liquidation	3.3	2.9	0.4	13.8
Rai Com SpA/RaiNet SpA	113.2	13.0	100.2	770.8
Rai Way SpA	101.7	137.0	(35.3)	-25.8
Rai World SpA	0.0	7.6	(7.6)	-100.0
Rai Pubblicità SpA	31.3	31.1	0.2	0.6
	<b>528.7</b>	<b>459.4</b>	<b>69.3</b>	
<b>In associated companies:</b>				
Auditel Srl	0.7	0.5	0.2	40.0
Euronews	2.8	5.0	(2.2)	-44.0
San Marino RTV SpA	2.1	2.2	(0.1)	-4.5
Tivù Srl	2.7	2.6	0.1	3.8
	<b>8.3</b>	<b>10.3</b>	<b>(2.0)</b>	
Other	0.7	0.7	0.0	0.0
<b>Total</b>	<b>537.7</b>	<b>470.4</b>	<b>67.3</b>	<b>14.3</b>

### Other non-current assets

(millions of Euro)	12.31.2014	12.31.2013	Change	%
Non-current receivables	1.8	1.9	(0.1)	-5.3
Options on commercial agreements	6.4	6.7	(0.3)	-4.5
Alterations and improvements to leased properties	6.3	6.9	(0.6)	-8.7
Software	7.6	5.4	2.2	40.7
Digital terrestrial frequencies	4.5	7.8	(3.3)	-42.3
Ancillary charges on loans	2.4	3.5	(1.1)	-31.4
Securities	2.3	2.4	(0.1)	-4.2
Other	0.1	0.1	0.0	0.0
<b>Total</b>	<b>31.4</b>	<b>34.7</b>	<b>(3.3)</b>	<b>-9.5</b>

### Working capital

(millions of Euro)	12.31.2014	12.31.2013	Change
Inventories	0.4	1.4	(1.0)
Trade receivables	374.8	556.1	(181.3)
Other assets	287.8	256.7	31.1
Trade payables	(588.7)	(562.2)	(26.5)
Provisions for risks and charges	(357.7)	(340.4)	(17.3)
Other liabilities	(210.3)	(218.3)	8.0
<b>Total</b>	<b>(493.7)</b>	<b>(306.7)</b>	<b>(187.0)</b>

The increase of Euro 17.3 million in Provisions for risks and charges relates to the aforementioned provision (Euro 25.3 million) regarding the concession fee.

**Trade receivables** relate mainly to amounts owed by subsidiaries (in particular, Rai Pubblicità).

### Net financial position

The Company had a negative net financial position of Euro 224.9 million, an improvement of Euro 149.7 million with respect to the previous year-end, as shown in the following table.

Review of the detail shows a substantial improvement (almost Euro 150 million) in the net financial position, consolidation of medium-long term financing sources (Euro 345 million) through new loans totalling 147.5 million and repayments of around Euro 98 million, creation of net liquid resources (approximately Euro 103 million) and a reduction in the net intercompany balance of Euro 44.3 million.

The improvement in net financial position is explained mainly by receipts from the sale of shares in Rai Way, partially offset by the reduction in license fees received from the Ministry of the Economy and Finance in implementation of the aforementioned Law 89/2014.

In terms of normal business operations, there was a significant reduction in payments to employees due to the progressive completion of the early retirement incentive exercise initiated the previous year, an increase in dividends and higher receipts from Group companies for services provided.

The Company had a negative average net financial position of Euro 254 million during

2014 (- Euro 155 million in 2013), representing increased average debt of approximately Euro 100 million with respect to the previous year; this is explained by the higher level of net borrowing at the beginning of the year and lower net intercompany position, only partially offset during November and December by receipts from the sale of Rai Way shares.

Analysis of **balance sheet liquidity and leverage ratios** shows:

- a **net invested capital coverage ratio**, defined as the ratio between net invested capital and equity, of 1.65 (2.25 at 31 December 2013);
- a **debt to equity ratio**, defined as the ratio between net financial debt and equity, of 0.65 (1.25 at 31 December 2013);
- a **current ratio**, defined as the ratio between current assets (inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 0.98 (0.96 at 31 December 2013);
- a **non-current asset coverage ratio**, defined as the ratio of equity to non-current assets, of 0.26 (0.24 at 31 December 2013).

The terms of the medium-long term loan agreements in place require compliance with two financial ratios (covenants) calculated with respect to the consolidated financial statements, both of which were respected.

The Company monitors the **financial risks** to which it is exposed, using dedicated computerised and statistical tools.

The Company's financial management policy is in-line with best practice and is aimed at achieving capital preservation through a risk averse approach combined with active monitoring of exposure and implementation of hedging strategies

### Net financial position

(millions of Euro)	12.31.2014	12.31.2013	Change
Net amounts due from (to) banks and other lenders			
- in the medium/long term	(345.0)	(295.8)	(49.2)
- in the short term - net	102.8	(140.3)	243.1
	<b>(242.2)</b>	<b>(436.1)</b>	<b>193.9</b>
Net financial position with subsidiary and associated companies			
- payables	(64.6)	(78.1)	13.5
- receivables	81.9	139.6	(57.7)
	17.3	61.5	(44.2)
<b>Net financial position</b>	<b>(224.9)</b>	<b>(374.6)</b>	<b>149.7</b>

In particular:

- **Exchange risk** relates to the exposure in USD generated by the acquisition of rights to sports events. Such commitments amounted to Euro 32 million in 2014. Risk management activities, which begin on the date the commitment is entered into and often last several years, are aimed at fixing the Euro value of commitments at the budget or order stage. As appropriate, hedging strategies making use of financial derivative instruments – such as forward purchases, swaps and options – are implemented, however, without speculative objectives. Company policy establishes limits for such hedging activity.
- **Interest rate risk** is also managed in accordance with the company policy and specific operating limits, particularly for medium/ long-term exposure. Hedge agreements totalling approximately Euro 138 million have been entered into in relation to the medium-term loan with the pool of lending banks with the objective of transforming the cost of the loan, which is variable and subject to market volatility, to a fixed rate.
- **Credit risk** in relation to cash surpluses is limited to the extent that company policy requires that any such short-term surpluses be invested in low-risk financial instruments with highly-rated counterparties. During 2014, only time deposits and sight deposits were used.
- With regard to **liquidity risk**, the following actions were taken during the year to increase available credit:
  - Euro 147.5 million of the bullet loan agreement entered into with the pool of lending banks in December 2013 (expiry date in June 2017) was drawn down;
  - the level of stand-by credit lines was increased (from Euro 115 million to Euro 170 million).

Rai has further short-term and non-revolving credit lines with banks amounting to approximately Euro 370 million.

Existing loans ensure coverage of liquidity requirements during the year so long as fees are paid by the Ministry of the Economy and Finance without significant delay with respect to contractual agreements.

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## Other information

### Human Resources

During 2014, the process of rationalization of available resources through internal mobility arrangements, in certain cases involving job posting, and conversion of professional job profiles.

During the 2014-15 biennium, following completion of selection procedures, 150 young people were hired on apprentice contracts. In addition, HR development processes were re-planned from scratch, following a structured and integrated approach designed to ensure complete records are maintained of all individual resources in terms of performance evaluation, competencies, analysis of potential and training needs.

Management of such information, supported by development of appropriate IT systems will contribute to the creation of an integrated system for the management and development of resources in line with the Company's objectives.

Supported by such information, relevant management and administrative actions were taken to outsource the management of commercial activities to Rai Com, to bring within the Company the Web-related activities of RaiNet and incorporate the business of Rai World.

Analysis of employee numbers shows that the total number of employees increased from 10,344 at the start of 2014 to **10,754** at the year end.

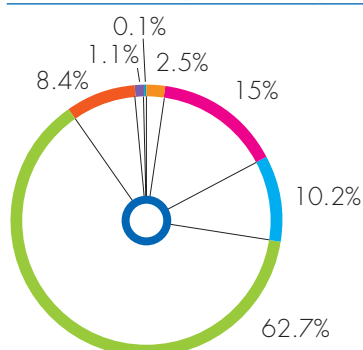
The movement reflects 248 leavers of which 84 relate to the transfer of the commercial business to Rai Com and 40 to the early retirement incentive programme and 658 new employees.

The new employees included the following:

- 37 relating to the insourcing of the Web-related activities of RaiNet;
- 4 relating to the incorporation of Rai World;
- 368 in application of trade union agreements regarding categorized personnel groups;
- 53 cases of mobility within the Group;
- 4 to fill vacant roles in the nell'Orchestra Sinfonica Nazionale di Torino;
- 44 ex-employees returning following legal disputes; and
- 138 (120 of which on apprenticeships) new employees hired to fill positions vacated by turnover, to strengthen certain areas and meet new needs.

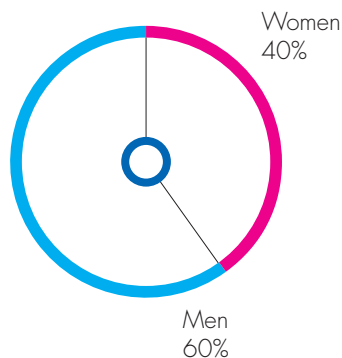
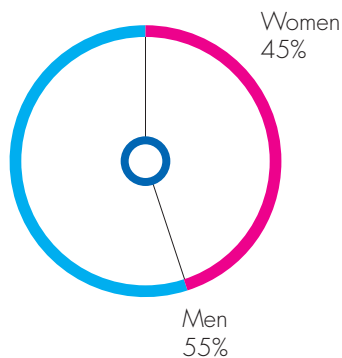
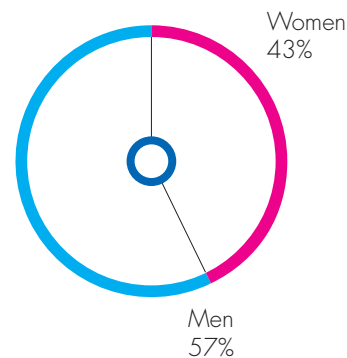
In terms of **artistic resources**, as a result of the cost containment exercises relating to external collaborators, during 2014 emoluments were reduced across daily and weekly programmes with changes in conditions being based on the degree of notoriety of the individual artists and their popularity with the audience.

Breakdown of employees by type (source Rai)



### Breakdown of employees – Rai SpA

(in units)	12.31.2014	12.31.2013	Change
Managers	264	262	2
Journalists	1,618	1,581	37
Middle managers	1,093	1,022	71
Office workers	6,741	6,490	251
Blue collar workers	908	870	38
Orchestra members	120	108	12
Medical staff	10	11	(1)
<b>Total</b>	<b>10,754</b>	<b>10,344</b>	<b>410</b>

Total employees by gender (source Rai)New employees by genderLeavers by gender (source Rai)

In terms of **organizational aspects**, in addition to redefining numerous management arrangements, the entire organizational structures of the Editorial and Newsdesks area and the Corporate and Support Services area were changed and new roles were introduced, including those of Chief Financial Officer and Chief Technology Officer to ensure greater control and coordination in these areas (namely finance-administration and production-technology).

With regard **Labour relations**, following the early-retirement related agreements reached during 2013 with journalists, it was agreed to initiate mobility and redundancy arrangements in accordance with articles 4 and 24 of Law no. 223/1991 with a view to reorganization of personnel and optimization of the use of internal resources.

Criteria and modalities for the acquisition of new professional skills were agreed, in line with the technical innovation foreseen by the Digitalisation Programme for TG1, TG3 and TGR.

During the year, there was strong opposition to the project to reform the News area in a digital context, based on the creation of two Newsrooms, bringing together TG 1, TG 2 and Rai Parlamento in one group and TG3, TGR e Rainews24 in the other, to improve the quality of the offering, optimize the use of resources and contain costs.

The digitalization of News production processes was a key focus of **training activities** during 2014 in order to support the significant technological investment that the Company is making in this area. In particular, through a 'trickle down' training model involving specialized ad hoc internal trainers, a training programme covering all the journalists and editorial employees from TG1, TG2 e TG3 and the Rome CPTV technicians (650 training days and more than 1,000 participants) was carried out.

Training arrangements were also initiated in support of the digitalisation of TGR, involving the staff in Rome, Milan, Campobasso, Palermo, Trieste, Trento and Bolzano. Individual training arrangements were organized for the 150 new employees hired during the year on apprentice contracts; such training arrangements cover coordination, monitoring and reporting activities in addition to delivery of the basic training courses. A 'Welcome to Rai' project was also introduced.

Finally, one of the most important training activities introduced was the management training programme PER.FOR.MA, which involved 40 colleagues in its first edition.

The objective of the training project is to develop common managerial and organizational knowledge and methodologies and so promote the attitudes and behaviours required to carry out

the Company's strategies and achieve business objectives.

In terms of **safety in the workplace and the environment**, the Company's OHSAS 18001 certification was confirmed for a further three years. With regard to the certification of regional offices, in accordance with the Health and Safety Management System, following certification of the TV Production centres in Milan and Naples, the safety management system was implemented in the Directorate General office in Turin with certification planned for 2015.

The range of initiatives undertaken has resulted in a progressive reduction in the Frequency of Injury Index which – together with other features of the system – again enabled Inail to introduce a further percentage reduction in insurance premia due with a resulting reduction in 2014 employee costs.

## Research and Development

Rai is engaged in the experimentation and implementation of broadcasting and telecommunication technology platforms.

The radical change seen in recent years, with methods of multiplatform use being ever more internet-centred, has focused research activities on improving the capability of the product to be distributed across various media – including HD and Ultra HD – and so improve interaction with users.

In 2014, the key areas of research and development were Digital Terrestrial Television, the evolution towards ultra-high definition, interactive television and new standards and prototypes for the documentation and conservation of content.

In terms of **DTT**, the key objective is to have access to a range of frequencies consistent with meeting the current and future needs of Public Service radio and television.

With a view to a more efficient exploitation of frequencies, the DVB-T2 standard has been tried out across the entire Valle d'Aosta region, with use of the more efficient video coding system HEVC and simultaneous transmission to mobile terminals.

Moreover, an experimental **ultra-high definition** (Ultra HD-4K) production and post-production chain has been set up.

With regard to research on formats and new technologies to provide **an interactive television experience**, during the 2014 World Cup, Rai's on-demand offering was upgraded to include the FIFA 2014 application to show replays of games, key moments, news, interviews and the RaiSport programmes. The news offering was also recently improved through introduction of a new application for the Rai News portal.

In terms of **DAB+ radio**, the platform used to manage and publish multimedia content including text, images and traffic news and information in addition to the traditional offering, has now been consolidated.

Rai has participated in **European funded projects**, including the recently completed TOSCA-MP on the automatic content analysis and annotation of related information and Bridget, which aims to build a complete infrastructure to improve methods of creating and consuming television programmes through the use of interactive features such as video, web pages, images, 3D graphic models linked to a programme's characters, places, subjects, objects and information content.



## Subsidiary company highlights

(in millions of Euro)	Rai Cinema		Rai Com (ex RaiNet)		Rai Way			Rai Pubblicità	
	2014	2013	2014	2013	2014	2014	2013	2014	2013
					(1)	(2)			
Revenues	397.9	395.2	112.5	14.5	167.3	223.2	219.2	680.4	687.4
Gross operating margin	315.0	309.6	9.8	1.4	62.9	93.7	86.4	13.4	17.4
Operating results	70.6	58.8	4.0	1.1	37.0	42.7	23.9	12.0	17.0
Net profit (loss) for the year	46.6	37.2	6.8	1.0	24.6	30.5	11.8	7.9	8.0
Net equity	279.1	267.8	113.1	13.0	153.8	156.3	137.0	39.9	40.0
Net financial position	(78.8)	(84.4)	48.3	13.4	(65.5)	(66.2)	(56.3)	6.6	48.9
Investments	246.0	233.4	4.9	0.6	21.0	22.2	23.2	1.8	1.4

(in units)

Workforce	<b>114</b>	<b>91</b>	<b>88</b>	<b>43</b>	<b>623</b>	<b>623</b>	<b>601</b>	<b>350</b>	<b>390</b>
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<sup>(1)</sup> Figures extracted from the Company's financial statements, prepared in accordance with international accounting standards.<sup>(2)</sup> Figures amended to reflect accounting policies adopted by Rai Group.

## Transactions between Rai and Group companies

(in thousands of Euro)	Commercial and other non-financial transactions				Financial transactions				Memorandum accounts		
	Receivables	Payables	Costs <sup>(a)</sup>	Revenues	Receivables	Payables	Charges	Income	Guarantees issued	Commitments	Other
Rai Cinema	26,895	12,109	315,127	7,998	81,887	2,980	-	3,373	-	60,649	-
Rai Corporation	-	-	-	-	-	3,457	-	-	-	-	-
Rai Com (ex RaiNet)	57,854	33,030	37,511	59,644	-	48,322	57	-	-	-	-
Rai Pubblicità	206,376	7,504	669	604,563	-	9,209	423	26	34,907	-	-
Rai Way	16,773	59,196	187,885	16,071	-	365	-	1,230	2,052	-	-
Audiradio	-	-	-	-	-	-	-	-	-	-	-
Auditel	-	-	5,414	-	-	-	-	-	2,582	-	-
Euronews	-	-	500	-	-	-	-	-	-	-	-
San Marino RTV	65	1	1	259	-	352	1	2	-	-	516
Tivù	232	559	1,834	504	-	-	-	-	-	-	-
<b>Total</b>	<b>308,195</b>	<b>112,399</b>	<b>548,941</b>	<b>689,039</b>	<b>81,887</b>	<b>64,685</b>	<b>481</b>	<b>4,631</b>	<b>39,541</b>	<b>60,649</b>	<b>516</b>

<sup>(a)</sup> of which capitalized or accounted for as advances:

- Rai Com (ex RaiNet)

18,313

### Intercompany transactions

During 2014, the Rai Group carried out operations on the basis of a decentralised organisational model with certain activities being managed by specially set-up dedicated companies.

Relations with subsidiaries and associated companies are based on normal contractual conditions 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.

A centralised treasury arrangement is in place between Rai and its subsidiaries – other than Rai Way, which following its listing, manages its treasury activities autonomously; such arrangement is based on cash-pooling at banks aimed at guaranteeing the coverage of financial requirements and the optimisation of investment of cash holdings.

With respect to Rai Way, the following arrangements are also in place:

- an intercompany current account agreement used to offset debit and credit balances relating to certain residual payment services covered by the service contract between Rai and Rai Way;

- Rai has a mandate to make and receive payments relating to settlement of balances between Group companies. This activity relates mainly to netting debit and credit balances between Group companies and does not include payments relating to the Service Contract. The mandate will not be used to authorize hedging operations.

### Significant post-period events

In 2015, Rai lodged a petition with the Head of State requesting annulment of the provisions of Law 89, dated 23 June 2014, in application of which the amounts paid to Rai for 2014 as concession holder were reduced by Euro 150 million.

In 2015, Rai challenged and requested annulment (in the Lazio Regional Administrative Court) of the Decree of the Ministry for Economic Development, dated 29 December 2014, which had determined the (initial) sum to be paid on account for utilization of terrestrial broadcasting frequencies for 2014.

In its meeting on 29 January 2015, Rai's Board of Directors adopted the Triennial Prevention of Corruption Plan which had been prepared by the Director of Internal Audit in his role as officer with responsibility for Prevention of Corruption; the Director of Internal Audit had been nominated by the Board on 18 December 2014 as the officer responsible for the prevention of corruption, charged with complying with the requirements of Law no. 190/2012 of the National Anti-corruption Plan and the terms of recent agreements between ANAC and the Ministry of the Economy and Finance. Rai's Triennial Prevention of Corruption Plan represents the first step taken to implement the requirements of Law 190/2012 and, in terms of management and coordination guidance, it contains policies and procedures to be followed by subsidiary companies to ensure compliance with such requirements.

On 24 February 2015, El Towers announced its intention to launch a takeover bid (public tender offer with share swap - OPAS) to acquire the entire shareholding of Rai Way, contingent on it reaching a shareholding of at least 66.67% of the company's share capital.

On 11 March 2015, in accordance with Art. 16, para. 4 of Law 287/90, the Italian Antitrust Authority announced it would launch an investigation into the risk of concentration and examine the extent to which a dominant position in the radio and television transmission infrastructure market would be created or reinforced by the deal. The Antitrust Authority went on to note that "*considering the vertically integrated nature of the Mediaset Group which owns El Towers,*

*the investigation will also investigate possible repercussions on the various markets in which the Group is present, paying particular attention to the impact the deal could have on digital broadcasting and television advertising*".

In a press release (n. 73) dated 28 March 2015, referring to the aforementioned OPAS which was subject to reaching a shareholding of at least 66.67% of the company's share capital, the Ministry of the Economy and Finance, in line with the Prime Minister's statements on 26 February 2015 and 1 March 2015, confirmed its intention to maintain a publicly owned shareholding of 51% in the share capital of Rai Way, as provided for in the Prime Ministerial Decree (DPCM) which by law governed Rai's sale of a share in its subsidiary.

In a statement released on 31 March 2015 in relation to the OPAS bid and the statements made by the Ministry of the Economy and Finance, including the latter's intention to "*maintain a publicly owned shareholding of 51% in the share capital of Rai Way*", Rai's Board of Directors confirmed that it would not be possible for the aforementioned takeover bid to proceed.

In a statement released on 10 April 2015, El Towers stated its intention to reduce the minimum acceptances level for its planned OPAS bid to 40% and confirmed its belief that "*the benefits expected from the 'sole operator' project could be partially achieved even without obtaining a controlling share [...] so long as Rai shared the objective of streamlining the respective networks*"

In statement DCG/DIE/0028023, dated 13 April 2015, Consob noted that:

- the decision of the Board of Directors of El Towers to modify the minimum threshold that had been set as a condition for its bid had a material impact on the terms of the offer that had been made on 24 February 2015;
- such impact was the result both of the change in the minimum threshold condition referred to in the original offer which was such as to constitute a substantial change in the terms of the offer itself and of changes in the stated reasons for and objectives of the OPAS;
- the change in minimum threshold with respect to the original offer constituted a new offer and therefore the process of approval of the bid document deposited by El Towers on 16 March 2015, could no longer proceed; and
- any new request from El Towers would require the filing of a new offer document, in accordance with Italian market rules (DL 58/98 Article 102, para.1).

With a view to related benefits in terms of re-scheduling existing loan finance arrangements and reducing the cost of borrowing, in line with the decisions reached at the Shareholders' Meeting on 25 March 2015, Rai will now initiate the process

of issuing non-convertible bonds in one or more tranches to institutional investors through listing on regulated markets, up to a maximum amount of Euro 350 million.

## Outlook

On the basis of the preliminary evidence of the first quarter of 2015, the macro-economic picture has shown signs of recovery of key indicators which suggest a gradual improvement in the Company's general economic context during 2015.

Moreover, the hoped for end of the recession will only have marginal impact on the current year as, in Rai's case, changes in macroeconomic conditions mainly affect revenues.

Only consolidation of the recovery and the start of a cycle of growth would have a positive impact on licence fees and advertising revenues in the medium-term.

In 2015, even without having to incur the significant costs associated with the acquisition of rights to large sporting event, Rai will suffer a 5% reduction in licence fees – as provided by art.1, para. 292 of Law n. 190 of December 23, 2014 – as well as non-indexation of the unit licence fee for a second consecutive year (art.1, para 293 of the aforementioned Financial Stability Law).

In this context, as described in the Business Plan, the Group will have to continue the process of optimization and rationalization of costs.

Based on currently available information and bearing in mind relevant market trends, achievement of a break-even result would be a reasonable objective.

## Additional information

With regard to the technical requirements associated with the obligation of preparing consolidated financial statements, pursuant to article 16, paragraph 4 of the Bylaws, Rai may exercise the option envisaged under article 2364 of the Civil Code, whereby it may call an Ordinary Shareholders' Meeting to approve the financial statements within 180 days of the closure of the financial year.

As regards the administrative responsibility introduced by Legislative Decree no. 231/2001, subsequently integrated by numerous legislative instructions, Rai has, for some time now, adopted its own Organisation, Management and Control Model and set up, in accordance with the law, an independent and autonomous Oversight Committee, tasked with overseeing the implementation and updating of the Model. As required by Legislative Decree 231/01, the Company updates the Organisation, Management and Control Model to reflect organisational changes, the evolution of law and case law, the latest legislative amendments and the outcomes of oversight activities.

Rai's commitment to environmental protection is set out in the Regulations on Safety, Health and the Environment Protection and in the Safety Management Manual, for sites subject to certification in respect of health and safety in the workplace.

These documents report on the commitment to respect the laws in force, specifications, national and international standards and clauses signed up to by the company.

In the same way, Rai's commitment towards the Authorities and towards the population is reported, along with its commitment to training and informing employees and to oversight of the respect of instructions by Rai employees and third parties who work for the company.

The company holds no treasury stock, either directly or through trust companies or other third parties, nor did it purchase or sell its own shares during the year.

## Recommendation to Shareholders

The Board of Directors proposes:

- the approval of the draft statutory Financial Statements of Rai, which consist of a Balance Sheet, Income Statement and Notes to the Financial Statements and which close with a net profit of Euro 47,863,863.64, as well as the approval of the Report on Operations;
- to allocate the net profit of Euro 47,863,863.64 as follows:
  - Euro 2,393,193.18, equal to 5% of the net result, to the *Legal Reserve*;
  - Euro 273,499.37 to the *Non-distributable reserve for Gains on Foreign Exchange*; and
  - the remaining Euro 45,197,171.09 to the *Non-distributable reserve for revaluation of equity investments*.

# Financial statements of Rai SpA

## Balance Sheet and Income Statement (Statutory form)

Financial statements of Rai SpA

**Balance Sheet - Assets**

(Euro)	<b>12.31.2014</b>	12.31.2013
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	188,974,033	171,813,844
4.- Concessions, licences, trademarks and similar rights	4,523,414	7,906,247
6.- Intangible assets under development and payments on account	196,341,085	206,761,973
7.- Others	9,318,344	10,608,677
<b>TOTAL INTANGIBLE ASSETS</b>	<b>399,156,876</b>	<b>397,090,741</b>
II. TANGIBLE ASSETS		
1.- Land and buildings	159,587,204	163,656,321
2.- Plant and machinery	142,041,671	112,073,570
3.- Industrial and commercial equipment	3,206,853	3,703,806
4.- Other assets	27,178,787	26,379,077
5.- Tangible assets under construction and payments on account	41,726,633	59,983,564
<b>TOTAL TANGIBLE ASSETS</b>	<b>373,741,148</b>	<b>365,796,338</b>
III. FINANCIAL ASSETS		
1.- Equity investments in		
a) subsidiaries	528,627,445	459,466,097
b) associated companies	8,376,654	10,186,520
d) other companies	744,600	751,922
	537,748,699	470,404,539
2.- Receivables		
a) subsidiaries		
due within 12 months	172,369	183,931
due after 12 months	1,670,290	1,749,849
	1,842,659	1,933,780
3.- Other securities	2,334,926	2,384,523
<b>TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>541,926,284</b>	<b>474,722,842</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,314,824,308</b>	<b>1,237,609,921</b>

follows

**Balance Sheet - Assets**

(Euro)	<b>12.31.2014</b>	12.31.2013
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	360,822	547,075
4.- Finished products and merchandise	-	840,982
<b>TOTAL INVENTORIES</b>	<b>360,822</b>	<b>1,388,057</b>
II. RECEIVABLES		
1.- customers		
due within 12 months	63,611,126	236,962,892
due after 12 months	2,019,168	2,830,833
2.- subsidiaries	389,785,544	454,704,587
3.- associated companies	296,734	334,902
4.bis - tax receivables		
due within 12 months	77,397,729	42,716,134
due after 12 months	16,823,705	16,823,705
4.ter - deferred tax assets	43,967,000	36,491,879
5.- other		
due within 12 months	66,233,214	102,011,267
due after 12 months	56,293,024	33,150,452
<b>TOTAL RECEIVABLES</b>	<b>716,427,244</b>	<b>926,026,651</b>
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	113,488,030	6,467,423
2.- Cheques	-	49,437
3.- Cash and cash equivalents on hand	313,215	373,285
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>113,801,245</b>	<b>6,890,145</b>
<b>TOTAL CURRENT ASSETS</b>	<b>830,589,311</b>	<b>934,304,853</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	28,075,981	26,392,121
<b>TOTAL ASSETS</b>	<b>2,173,489,600</b>	<b>2,198,306,895</b>

Financial statements of Rai SpA

**Balance Sheet - Liabilities**

(Euro)	12.31.2014	12.31.2013
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	242,518,100	242,518,100
IV. LEGAL RESERVE	9,159,837	8,943,984
VII. OTHER RESERVES	46,787,405	42,686,194
IX. PROFIT (LOSS) FOR THE YEAR	47,863,864	4,317,064
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>346,329,206</b>	<b>298,465,342</b>
B) PROVISIONS FOR RISKS AND CHARGES		
1.- for pension and similar liabilities	141,853,346	144,102,973
2.- for taxes (also deferred taxes)	2,115,000	2,108,507
3.- other	213,743,659	194,222,911
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>357,712,005</b>	<b>340,434,391</b>
C) PROVISION FOR STAFF SEVERANCE PAY	249,803,672	257,788,501
D) PAYABLES		
4.- Due to banks		
due within 12 months	109,301,019	245,489,254
due after 12 months	246,666,667	197,500,000
6.- Advances	35,130,881	2,734,019
7.- Suppliers	441,216,207	486,144,905
9.- Subsidiaries		
due within 12 months	172,140,829	143,191,180
due after 12 months	4,028,851	4,049,756
10.- Associated companies	912,845	4,102,301
12.- Tax payables	67,136,917	62,187,159
13.- Welfare and social security institutions	74,197,393	73,785,018
14.- Other payables	48,686,349	52,990,551
<b>TOTAL PAYABLES</b>	<b>1,199,417,958</b>	<b>1,272,174,143</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME	20,226,759	29,444,518
<b>TOTAL LIABILITIES</b>	<b>2,173,489,600</b>	<b>2,198,306,895</b>



**Memorandum Accounts**

(Euro)	<b>12.31.2014</b>	12.31.2013
1.- Unsecured guarantees granted		
a) Sureties:		
- for subsidiaries	36,958,346	45,186,819
- for associated companies	2,582,285	2,582,285
- for others	-	-
<b>Total unsecured guarantees granted</b>	<b>39,540,631</b>	<b>47,769,104</b>
2.- Secured guarantees granted		
b) for own commitments other than payables	2,271,000	2,271,000
<b>Total secured guarantees granted</b>	<b>2,271,000</b>	<b>2,271,000</b>
3.- Purchase and sale commitments	60,649,149	20,008,887
4.- Other	258,597,286	352,845,969
	<b>361,058,066</b>	<b>422,894,960</b>

Financial statements of Rai SpA

**Income Statement**

(Euro)	<b>12.31.2014</b>	12.31.2013
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,280,334,992	2,489,920,803
2.- Changes in inventories of work in progress, semifinished and finished goods	(39,313)	(200,794)
4.- Internal cost capitalisations	13,857,378	14,253,082
5.- Other production-related income		
a) operating grants	8,460,932	8,148,192
b) gains on disposal of assets	63	1,278
c) other	93,131,824	113,499,157
	101,592,819	121,648,627
<b>TOTAL PRODUCTION VALUE</b>	<b>2,395,745,876</b>	<b>2,625,621,718</b>
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(15,993,528)	(19,179,486)
7.- Services	(695,192,786)	(719,933,127)
8.- Use of third-party assets	(685,062,820)	(615,814,746)
9.- Personnel		
a) wages and salaries	(650,802,069)	(648,895,593)
b) social security contributions	(184,405,209)	(183,438,332)
c) staff severance pay	(42,927,531)	(44,096,760)
d) pension and similar costs	(12,100,586)	(12,340,102)
e) other costs	(14,728,077)	(16,981,853)
	(904,963,472)	(905,752,640)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(165,168,619)	(222,375,306)
b) depreciation of tangible assets	(61,434,139)	(58,160,290)
c) other non-current asset writedowns	(22,511,989)	(26,370,217)
d) writedown of current receivables and cash and cash equivalents	(1,478,930)	(550,658)
	(250,593,677)	(307,456,471)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(186,253)	(64,102)
12.- Provisions for risks	(13,833,699)	(13,094,566)
13.- Other provisions	(26,845,850)	(553,883)
14.- Other operating costs		
a) capital losses on disposal of assets	(356,977)	(247,635)
b) concession fee	-	(26,297,597)
c) other	(59,885,877)	(55,817,100)
	(60,242,854)	(82,362,332)
<b>TOTAL PRODUCTION COSTS</b>	<b>(2,652,914,939)</b>	<b>(2,664,211,353)</b>
<b>Difference between production value and costs</b>	<b>(257,169,063)</b>	<b>(38,589,635)</b>

follows

**Income Statement**

(Euro)	12.31.2014	12.31.2013
C) FINANCIAL INCOME AND EXPENSES		
15. Income from equity investments		
c) from other companies	8	10
	8	10
16.- Other financial income.		
a) from non-current receivables		
. other	9,938	22,823
	9,938	22,823
b) from non-current securities other than equity investments	85,199	74,832
d) financial income other than the above		
. interest and commissions from subsidiaries	4,629,142	5,569,562
. interest and commissions from associated companies	2,053	49
. interest and commissions from others and miscellaneous income	2,025,037	965,531
	6,656,232	6,535,142
	6,751,369	6,632,797
17.- Interest and other financial expenses		
a) interest and commissions payable to subsidiaries	(480,034)	(766,861)
b) interest and commissions payable to associated companies	(1,167)	(7,246)
d) interest and commissions payable to others and miscellaneous charges	(19,238,609)	(14,886,379)
	(19,719,810)	(15,660,486)
17 bis.- Foreign exchange gains and losses - net	(271,087)	(504,377)
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(13,239,520)</b>	<b>(9,532,056)</b>
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) of equity investments	82,839,973	62,166,434
	82,839,973	62,166,434
19.- Writedowns		
a) of equity investments	(2,254,313)	(221,759)
	(2,254,313)	(221,759)
<b>TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>80,585,660</b>	<b>61,944,675</b>
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
a) capital gains relating to operations with significant effects on the structure of the company	236,297,147	-
e) income relating to prior years	312,142	438,582
	236,609,289	438,582
21.- Exceptional expense		
a) costs and capital loss relating to operations with significant effects on the structure of the company	(13,184,740)	(9,297,325)
g) prior years' taxes	(358,837)	(10,931)
	(13,543,577)	(9,308,256)
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>223,065,712</b>	<b>(8,869,674)</b>
Result before taxes	33,242,789	4,953,310
22.- Current income taxes for the year, and deferred tax assets and liabilities	14,621,075	(636,246)
23.- Profit (loss) for the year	47,863,864	4,317,064



# Notes to the 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, which is assisted by subsidiaries in carrying out its assigned mandate, may also, whether in its own right or through associated companies, perform commercial and publishing activities associated with the broadcasting of pictures, sound and data and other related activities, so long as such activities contribute to sound management of the Company do not impact negatively on performance of its public service mandate.

Rai must comply with relevant legislation and regulations including 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"). The "Consolidated Law governing Radio and Television" was approved by Legislative Decree 177 of 31 July 2005 and was then subsequently amended and renamed the "Consolidated Broadcasting Law" by Legislative Decree 44 of 15 March 2010, which includes additional clauses, amendments and cancellations necessary for co-ordination and 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.

In accordance with article 49 of the Consolidated Law as issued with Legislative Decree 177 of 31 July 2005, the general public radio and television service concession is assigned to Rai until 6 May 2016.

Article 45 of the same Consolidated Law foresees that the general public radio and television service be provided by the concession holder in accordance with a three-year National Service Contract, entered into with the Italian Ministry of Communications, setting out the rights and obligations of the concession holder.

The 2010-2012 service contract signed by the Ministry of Economic Development and Rai on 6 April 2012 was approved by ministerial decree on 27 April 2012, as published in the Official Gazette on 27 June 2012: negotiations for its renewal are currently underway.

The rationale for the regulatory framework described above lies in the public interest functions entrusted to the concession holder. As required by the relevant legislation and regulations, Rai has particular institutional characteristics and operating constraints, in addition to specific obligations under the Service Contract.

## 2) Introduction

Rai's financial statements at 31 December 2014 have been prepared in accordance with the relevant provisions of the Italian Civil Code. Reclassified statements including a reclassified balance sheet and income statement and cash flow statement are attached as supplementary schedules to the consolidated financial statements.

The financial statements are expressed in Euro, rounded to the nearest Euro; the Notes to the financial statements and the related detailed Schedules are stated in thousands of Euro.

Details relating to the merger by acquisition of Rai World SpA during the year are provided in Schedules 40 and 41.

In order to ensure consistency between the figures in the financial statements at 31 December 2014 and comparative figures for the prior year, certain line items have been reclassified.

Rai's financial statements have been audited by PricewaterhouseCoopers SpA.

### 3) Accounting policies

Before proceeding to review of the individual items, the following paragraphs describe the principal accounting policies and criteria adopted. The consolidated financial statements have been prepared on a going-concern basis 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 and there are no exceptional cases requiring derogation from the requirements of Article 2423-bis et seq. of the Civil Code.

a) Industrial patents and intellectual property rights:

Programme acquisition and production costs, which comprise the external costs that can be allocated directly to each production and the cost of the internal resources used in the creation of individual programmes, are accounted for as follows:

- 1) Costs for repeat-use television productions are capitalised and reported as intangible assets. If such productions are usable at year-end, the costs are reported as industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such productions are not yet usable at year-end, the costs are reported as intangible assets under development and payments on account.

In view of objective difficulties encountered in establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of rights, (difficulties which are then further complicated by the many ways in which programmes can be used), the useful life of repeat-use programmes, such as television drama (fiction), cartoons and comedy shows is considered to be 3 years and the useful life of football library exploitation rights is considered to be 4 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 one-time-use television programmes are charged in the income statement in a single year, which is normally that in which they are used. More specifically:
- *News, light entertainment and all radio programming.* Costs are charged in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
  - *Sports events.* Costs are charged in the year in which the event takes place.
  - *Documentaries, classical music and theatre.* Costs are charged in a single amount at the time the programmes are ready for broadcasting or the rights are usable.

- b) Software licences are reported under 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) If so approved by the statutory auditors, goodwill acquired for payment or other valuable consideration is accounted for as an intangible asset in accordance with Article 2426, para. 6 of the Civil Code, and amortised over a maximum period of five years.
- f) Long term costs relating to third party property are reported under other intangible assets, net of accumulated amortisation. They relate to improvements to leased or licensed property and accessory charges on loans. Amortisation of such improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period that the improvements will provide benefit, 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.
- g) Tangible assets – reported net of accumulated depreciation – are recorded at cost as increased by any internal personnel costs incurred in preparing them to enter service and the effects of any revaluations carried out in accordance with relevant legislation. The costs of tangible assets, so determined, 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.

## Notes to the financial statements

- h) Investments in non-consolidated subsidiaries and associated companies are valued using the *full equity method*. Under this method investments are reported at a value equal to the corresponding share of the shareholders' equity resulting from the last financial statements, minus any dividends and after any adjustments required by the principles used in the preparation of the consolidated financial statements. The profit or loss for the year of the non-consolidated subsidiary or associated company, duly adjusted, is booked to the income statement in the year to which the result refers, on line *D18 Revaluation a) of equity investments* or on line *D19 Write-downs a) of equity investments*. For companies with negative shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Any net profit is posted to a specific non-distributable reserve until its realisation.
- i) Investments in other companies and shares in consortia are at cost, adjusted as appropriate for permanent losses in value. For companies with negative shareholders' equity, the cost of the investment 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 losses in value are reversed in the event that such losses are subsequently recovered through operating earnings by the investee company.
- j) Fixed-income securities are reported as non-current financial assets and 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.
- k) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value are reported at the lower value. Should the reasons for the write-down made in previous years no longer apply, the assets are revalued within the limits of the amount of the write-down.
- l) Other securities included within 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.
- m) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, determined on a weighted average cost basis, written down as appropriate to reflect market trends and any estimated non-use due to obsolescence and/or slow turnover. Inventories of finished products and merchandise intended for resale are reported at the lower of purchase cost, determined on a weighted average cost basis, and estimated realisable value as determined by market price.
- n) Receivables are shown at their expected 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 individual debtors.
- o) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis with reference to the individual cases.
- p) Provisions for pension and similar liabilities, which comprise the provision for supplementary seniority benefits, the retirement fund and the supplementary company pension fund as well as the supplementary indemnity and merit indemnity reserves for agents, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.
- q) The provision for taxes includes probable tax liabilities arising from the settlement of tax disputes and also includes deferred tax liabilities to reflect timing differences which have resulted in lower current taxes. Where there is reasonable certainty that they will be recovered in the future, deferred tax assets relating to charges which are tax-deductible on a deferred basis and to tax losses are reported under Current Assets item 4 ter ("Deferred tax assets").
- r) 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.
- s) The provision for staff severance pay is determined in conformity with relevant legislation and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date, net of advances already paid.
- t) Payables are shown at nominal value.



- u) 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.
- v) Payments on account include advances paid by customers for services that have not yet been performed.
- w) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- x) 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 reported under tax payables, together with liabilities relating to taxes already assessed and due.  
The Company has opted to be taxed on a Group basis and is responsible, as Parent Company, for meeting all requirements regarding the settlement and payment of IRES tax for all companies included within the tax group.  
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.
- 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. Gains and losses arising from differences between the spot and future exchange rates for hedging transactions carried out through forward purchase of foreign exchange and premiums paid in relation to options are taken to the income statement over the duration of the contract.  
  
If the market value of contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.
- z) Collections are recorded by bank transaction date; payments are accounted for on the basis of the payment instruction date.

## Notes to the financial statements

4) Balance Sheet **Assets****Non-current assets****Intangible assets**

Intangible assets include the cost of non-physical factors of production with lasting utility, net of amortisation and write-downs in the event of permanent impairment of value.

**Intangible assets****Schedule 1**

(thousands of Euro)	12.31.2013 (a)			Changes during the year										12.31.2014			
	Cost	Amortisation	Book value	Rai World Merger			Transfer of "commercial" business			Acquisition of "Internet" business	Additions and capitalisations	Reclassifications	Write-downs, eliminations and disposals	Amortisation	Cost	Amortisation	Book value
				Cost	Amortisation	Book value	Cost	Amortisation	Total								
Industrial patents and intellectual property rights:																	
programmes (b)	418,594	(218,964)	199,630	-	-	-	(96)	54	(42)	-	97,091	94,971	-	(177,659)	610,560	(396,569)	213,991
written-down provision for programmes being amortised	(32,740)	-	(32,740)	-	-	-	10	(5)	5	-	-	-	(20,789)	24,057	(53,519)	24,052	(29,467)
	385,854	(218,964)	166,890	-	-	-	(86)	49	(37)	-	97,091	94,971	(20,789)	(153,602)	557,041	(372,517)	184,524
software (c)	8,948	(4,024)	4,924	-	-	-	-	-	-	124	3,456	259	(175)	(4,138)	12,413	(7,963)	4,450
	<b>394,802</b>	<b>(222,988)</b>	<b>171,814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(86)</b>	<b>49</b>	<b>(37)</b>	<b>124</b>	<b>100,547</b>	<b>95,230</b>	<b>(20,964)</b>	<b>(157,740)</b>	<b>569,454</b>	<b>(380,480)</b>	<b>188,974</b>
Digital Terrestrial Television	40,537	(32,689)	7,848	-	-	-	-	-	-	-	-	-	-	(3,364)	40,537	(36,053)	4,484
Concessions, licences, trademarks and similar rights (d)	170	(112)	58	15	(4)	11	(105)	88	(17)	-	-	-	-	(13)	80	(41)	39
	<b>40,707</b>	<b>(32,801)</b>	<b>7,906</b>	<b>15</b>	<b>(4)</b>	<b>11</b>	<b>(105)</b>	<b>88</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,377)</b>	<b>40,617</b>	<b>(36,094)</b>	<b>4,523</b>
Goodwill	-	-	-	-	-	-	-	-	-	13	-	-	-	(13)	13	(13)	-
Intangible assets under development and payments on account:																	
programmes (e)	199,852	-	199,852	-	-	-	(521)	-	(521)	-	84,826	(94,971)	(1,723)	(i)	187,463	-	187,463
software	395	-	395	-	-	-	-	-	-	34	2,499	(293)	-	-	2,635	-	2,635
long-term costs relating to third-party property	129	-	129	-	-	-	-	-	-	-	159	(46)	-	-	242	-	242
other	6,386	-	6,386	-	-	-	-	-	-	-	100	(485)	-	-	6,001	-	6,001
	<b>206,762</b>	<b>-</b>	<b>206,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(521)</b>	<b>-</b>	<b>(521)</b>	<b>34</b>	<b>87,584</b>	<b>(95,795)</b>	<b>(1,723)</b>	<b>-</b>	<b>196,341</b>	<b>-</b>	<b>196,341</b>
Other:																	
long-term costs relating to third-party property (f)	38,621	(31,788)	6,833	-	-	-	-	-	-	-	1,193	46	-	(2,042)	39,860	(33,830)	6,030
software	-	-	-	-	-	-	-	-	-	553	69	34	-	(219)	656	(219)	437
accessory charges on loans (g)	4,871	(1,390)	3,481	-	-	-	-	-	-	-	369	-	-	(1,422)	5,240	(2,812)	2,428
other	500	(206)	294	-	-	-	-	-	-	-	-	485	-	(356)	985	(562)	423
	<b>43,992</b>	<b>(33,384)</b>	<b>10,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>553</b>	<b>1,631</b>	<b>565</b>	<b>-</b>	<b>(4,039)</b>	<b>46,741</b>	<b>(37,423)</b>	<b>9,318</b>
<b>Total</b>	<b>686,263</b>	<b>(289,173)</b>	<b>397,090</b>	<b>15</b>	<b>(4)</b>	<b>11</b>	<b>(712)</b>	<b>137</b>	<b>(575)</b>	<b>724</b>	<b>189,762</b>	<b>-</b>	<b>(22,687)</b>	<b>(165,169)</b>	<b>853,166</b>	<b>(454,010)</b>	<b>399,156</b>

(a) Only includes balances which, at 31 December 2013, are not fully amortised, other than the write-down provision for programmes being amortised which is disclosed net of the portion of use and "Other", which includes long-term charges on third-party assets which are fully amortised with leasing agreement in progress (note (f)).

(b) With book values:

. not fully amortised	418,594	(218,964)	199,630												421,874	(207,883)	213,991
. fully amortised	269,055	(269,055)	-												188,685	(188,685)	-
	<b>687,649</b>	<b>(488,019)</b>	<b>199,630</b>												<b>610,559</b>	<b>(396,568)</b>	<b>213,991</b>

(c) With book values:

. not fully amortised	8,948	(4,024)	4,924												9,510	(5,060)	4,450
. fully amortised	3,589	(3,589)	-												2,905	(2,905)	-
	<b>12,537</b>	<b>(7,613)</b>	<b>4,924</b>												<b>12,415</b>	<b>(7,965)</b>	<b>4,450</b>

(d) With book values:

. not fully amortised	170	(112)	58												70	(31)	39
. fully amortised	33	(33)	-												10	(10)	-
	<b>203</b>	<b>(145)</b>	<b>58</b>												<b>80</b>	<b>(41)</b>	<b>39</b>

(e) Costs for the right to use intellectual property under development at 31 December 2013 and not yet transferred by the end of December 2014 to non-current assets under amortisation, refer to rights becoming valid after 31 December 2014 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 costs relating to third-party property with book values:

. not fully amortised	31,162	(24,329)	6,833												32,225	(26,195)	6,030
. fully amortised - with leasing agreement in progress	7,459	(7,459)	-												7,632	(7,632)	-
	<b>38,621</b>	<b>(31,788)</b>	<b>6,833</b>												<b>39,857</b>	<b>(33,827)</b>	<b>6,030</b>
. fully amortised - with leasing agreement ended	-	-	-												-	-	-
	<b>38,621</b>	<b>(31,788)</b>	<b>6,833</b>												<b>39,857</b>	<b>(33,827)</b>	<b>6,030</b>

(g) With book values:

. not fully amortised	4,871	(1,390)	3,481												5,240	(2,812)	2,428
. fully amortised	-	-	-												-	-	-
	<b>4,871</b>	<b>(1,390)</b>	<b>3,481</b>												<b>5,240</b>	<b>(2,812)</b>	<b>2,428</b>

(h) of which:

- cost																(374)	
- amortisation																199	
																<b>(175)</b>	

(i) Writedowns of unmade or unusable programmes/rights.

**Industrial patents and intellectual property rights.** As shown in Schedule 1, industrial patents and intellectual property rights amount to Euro 188,974 thousand and include:

- Euro 184,524 thousand for the cost of available-for-use television programmes representing a net increase of Euro 17,634 thousand compared to the figure at 31 December 2013. Such increase reflects the net effect of additions (totalling Euro 192,062 thousand of which Euro 94,971 thousand reclassified from intangible assets under development and payments on account for rights that became available during the year) and reductions relating to the transfer of the "commercial" business to Rai Com (ex RaiNet) (Euro 37 thousand), write-downs to reflect the risk of non-transmission, repeatability and commercial exploitation of certain productions (Euro 20,789 thousand) and the amortisation charge for the year (Euro 153,602);
- Euro 4,450 thousand relating to software licences, a net decrease of Euro 474 thousand compared to Euro 4,924 thousand at 31 December 2013.

In particular, such decrease reflects the net effect of increases relating to additions (Euro 3,715 thousand, of which Euro 259 thousand reclassified from intangible assets under development and payments on account for rights that became available during the year) and licenses acquired by Rai Com (ex RaiNet) (Euro 124 thousand) and reductions relating to disposals (Euro 175 thousand) and the amortisation charge for the year (Euro 4,138 thousand).

With regard to available-for-use television programmes, at 31 December 2014 the total value, gross of write-downs, may be split between:

- rights to television programmes, either owned or held under unlimited-term licences, amounting to Euro 188,330 thousand (Euro 169,345 thousand at 31 December 2013);
- rights to third-party television programmes held under fixed-term licences amounting to Euro 25,661 thousand (Euro 30,285 thousand at 31 December 2013).

Overall, investment in television programmes in 2014 amounts to Euro 181,917 thousand, including Euro 84,826 thousand in television programmes which were not yet available-for-use at 31 December 2014 and which are reported under intangible assets under development and payments on account.

Review of investments at 31 December 2014 by type shows that, during 2014, Euro 143,809 thousand had been invested in television drama (fiction) programmes (series, miniseries, TV movies, soap operas etc.), Euro 14,930 thousand in football libraries, Euro 11,590 thousand in documentaries, Euro 7,834 thousand in cartoons and comedy programmes, Euro 3,321 thousand in classical music and theatre and Euro 433 thousand in other genres.

**Concessions, licences, trademarks and similar rights**, which are stated net of accumulated amortisation, include costs incurred for the acquisition of licences for digital terrestrial frequencies and own trademarks. They amount to Euro 4,523 thousand of which Euro 4,484 thousand refer to digital network frequencies.

**Goodwill**, which has zero value, relates to the value attributed to the "internet" business acquired on 30 June 2014 from the subsidiary company Rai Com (Euro 13 thousand) which has been fully amortised during the year.

**Intangible assets under development and payments on account** amount to Euro 196,341 thousand and, as shown in Schedule 1, include:

- Euro 187,463 thousand for the cost of television programmes and films which are not yet available-for-use and therefore not subject to amortisation, representing a net reduction of Euro 12,389 thousand compared to the figure at 31 December 2013. In particular, such reduction reflects the net effect of additions (Euro 84,826 thousand), reclassification of items to Industrial patents and intellectual property rights as they relate to productions and/or purchases that became usable during the year (Euro 94,971 thousand), eliminations of unmade or unusable programmes (Euro 1,723 thousand) and non-current assets transferred to Rai Com (ex RaiNet) (Euro 521 thousand);
- Euro 2,635 thousand relating to software licences, representing a net increase of Euro 2,240 thousand compared with the figure at 31 December 2013. In particular, such increase reflects the net effect of increases relating to additions (Euro 2,499 thousand) and acquisition of the internet business from Rai Com (Euro 34 thousand) and reductions relating to reclassification of items to Industrial patents and intellectual property rights as they relate to productions and/or purchases that became usable during the year (Euro 259 thousand) and other intangible assets (Euro 34 thousand) relating to internally developed software;
- Euro 242 thousand relating to alterations and improvements to property held under leasehold or concession, representing a net increase of Euro 113 thousand compared with the figure at 31 December 2013. Such increase reflects the net effect of additions (Euro 159 thousand) and reductions for amounts reclassified to other intangible assets (Euro 46 thousand);

## Notes to the financial statements

- Euro 6,001 thousand relating to the purchase cost of options on agreements for the commercial exploitation of products held in football libraries, representing a net decrease of Euro 385 thousand compared with the figure at 31 December 2013. Such decrease reflects the net effect of additions (Euro 100 thousand) and reductions for amounts reclassified to other intangible assets in relation to rights that became usable during the year (Euro 485 thousand).

With regard to television programmes that have not yet become available-for-use, the total of Euro 187,463 thousand includes:

- Euro 98,491 thousand relating to television programmes owned by the Company that were not yet ready at 31 December 2014 or for which usage rights began later than 31 December 2014 (Euro 117,241 thousand at 31 December 2013). This amount includes costs of Euro 9,039 thousand relating to the production of a long-running television drama (fiction) series which has been momentarily interrupted following problems with the production company. It is noted, in this regard, that a similar amount has been prudently included in the provision for risks of non-usability of non-current assets;
- Euro 88,972 relating to third-party television programmes held under fixed-term concession, with rights commencing after 31 December 2014 (Euro 82,611 thousand at 31 December 2013).

**Other intangible assets** amount to Euro 9,318 thousand and include:

- Euro 6,030 thousand for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (Euro 6,833 thousand at 31 December 2013);
- Euro 437 thousand relating to software (zero value at 31 December 2013). The balance reflects the net effect of additions of Euro 553 thousand included in the internet business acquired from Rai Com and further additions purchased at a cost of Euro 69 thousand during the year, amounts reclassified from intangible assets under development and payments on account (Euro 34 thousand) and the amortisation charge for the year (Euro 219 thousand);
- Euro 2,428 thousand, net of accumulated amortisation, relating to charges on long-term loan agreements to be amortised over the duration of the agreements (Euro 33,481 thousand at 31 December 2013);
- Euro 423 thousand, net of accumulated amortisation based on the exploitation period, relating to the purchase cost of options on agreements for the commercial exploitation of products held in football libraries (Euro 294 thousand at 31 December 2013).

### Tangible assets

Tangible assets comprise the costs and related revaluations of owned non-current tangible assets with a useful life of several years. They are reported net of standard depreciation and write-downs, as appropriate, for any lasting value impairments.

The standard annual depreciation rates applied are as follows:

- |   |       |
|---|-------|
| • 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 systems     | 12.5% |
| – Transmission and television systems     | 19%   |
| – Recording systems 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%   |

At 31 December 2014, tangible assets amount to Euro 373,741 thousand, a net increase of Euro 7,945 thousand with respect to the figure at 31 December 2013. Such increase reflects the net of increases totalling Euro 65,864 thousand (including Euro 661 thousand relating to the internet business acquired from Rai Com and Euro 9 thousand relating to the merger through acquisition of Rai World SpA) and decreases amounting to Euro 57,919, as specified in Schedule 2.

**Tangible assets and accumulated depreciation****Schedule 2**

(thousands of Euro)	12.31.2013					Changes during the year							12.31.2014							
	Costs	Revaluations	Writedowns	Accumulated depreciation	Book Value	Rai World Merge			Acquisition of "internet" business	Additions and capitalisations	Reclassifications	Net eliminations (a)	Depreciation	Costs	Revaluations	Writedowns	Accumulated depreciation	Book value		
						Costs	Depreciations	Total												
Land and buildings	529,901	561,907	(36,529)	(891,623)	163,656	-	-	-	-	3,468	5,455	(3)	(12,989)	534,971	561,907	(36,529)	(900,762)	159,587		
Plant and machinery	1,270,429	8,178	-	(1,166,533)	112,074	-	-	-	45	40,711	31,074	(39)	(41,821)	1,320,312	8,093	-	(1,186,363)	142,042		
Industrial and sales equipment	74,367	2,823	-	(73,486)	3,704	-	-	-	2	777	102	(8)	(1,371)	66,395	2,143	-	(65,331)	3,207		
Other assets	107,007	966	-	(81,594)	26,379	49	(40)	9	614	4,281	1,214	(66)	(5,253)	113,067	958	-	(86,847)	27,178		
Assets under construction and advances	59,983	-	-	-	59,983	-	-	-	-	15,957	(34,013)	(201)	-	41,727	-	-	-	41,727		
<b>Total</b>	<b>2,041,687</b>	<b>573,874</b>	<b>(36,529)</b>	<b>(2,213,236)</b>	<b>365,796</b>	<b>49</b>	<b>(40)</b>	<b>9</b>	<b>661</b>	<b>65,194</b>	<b>3,832</b>	<b>(317)</b>	<b>(61,434)</b>	<b>2,076,472</b>	<b>573,101</b>	<b>(36,529)</b>	<b>(2,239,303)</b>	<b>373,741</b>		
(a) including:																				
. Costs - tangible assets									661			(31,119)								
. Revaluations - tangible assets											-			(773)						
. Depreciation - tangible assets											-	3,832 (b)		31,575						
									<b>661</b>			<b>3,832</b>	<b>(317)</b>							
(b) in line with the separate reporting of the value of land, the amount of Euro 3,832 thousand relates to the share of accumulated depreciation that was reclassified to a separate reserve (included among other provisions for risks and charges), in relation to the risk of incurring environmental restoration costs.																				

As required by recently issued accounting standards adopted for the first time in the current financial statements, land (where significant) is reported separately from buildings in cases where this had not previously been the case.

Accumulated depreciation relating to land amounting to Euro 3,832 thousand at 31 December 2013 (an approximation of the risk of incurring environmental restoration costs, as permitted by the previous accounting standards) has been reclassified to a separate reserve and subsequently released to the income statement, based on an evaluation of the likelihood, considered to be remote, of incurring such liabilities.

It is noted that additions, which reflect capital expenditure during the year, include Euro 6,610 thousand million in relation to the capitalisation of the cost of internal personnel engaged in the construction of buildings, systems and machinery.

The gross value of tangible asset revaluations, analysed in terms of relevant legislation is as follows:

- Euro 35,399 thousand in implementation of Law 576 of 2 December 1975 and Law 72 of 19 March 1983, applied to property with a purchase cost of Euro 43,459 thousand. These figures relate to property acquired prior to 31 December 1946, the gross value of which (Euro 424 thousand) includes revaluation pursuant to Law 74 of 11 February 1952;
- Euro 52,244 thousand in implementation of Law 413 of 30 December 1991;
- Euro 485,458 thousand in implementation of Decree 263 of 29 April 1994, the effects of which were ratified by Law 650 of 23 December 1996.

## Notes to the financial statements

**Financial assets**

Financial assets represent the cost of long-term financial investments and related revaluations, net of any write-downs as described in the comments below on the individual items.

**Equity investments** amount to Euro 537,749 thousand and include investments in shares or other forms of equity in companies, including consortiums. They are reported separately in the balance sheet and ordered by decreasing levels of ownership.

Schedule 3 provides details of the component parts of individual equity investments and changes during the period. Schedule 4 lists investments in subsidiaries and associated companies in accordance with Article 2427, para 5, of the Civil Code.

**Non-current financial assets - Equity investments****Schedule 3**

(thousands of Euro)	12.31.2013				Changes during the year						12.31.2014			
	Costs	Revaluations	Writedowns (a)	Book value	Transfer of "commercial" business	Acquisit. Subscript.	Disposals	Dividends	Writedown (-) Revaluations (+)	Merge/takeovers	Costs	Revaluations	Writedowns (a)	Book value
<b>Subsidiaries</b>														
Rai Cinema SpA	200,103	67,745	-	267,848	-	-	-	(35,271)	46,569	-	200,103	79,043	-	279,146
Rai Com SpA (ex RaiNet SpA)	47,900	-	(34,860)	13,040	94,116	-	-	(930)	6,929	-	142,016	-	(28,861)	113,155
Rai Corporation in liquidation	8,713	-	(5,822)	2,891	-	-	-	-	393	-	8,713	-	(5,429)	3,284
Rai Pubblicità SpA	11,114	19,968	-	31,082	-	-	-	(8,000)	8,232	-	11,114	20,200	-	31,314
Rai Way SpA	70,244	66,752	-	136,996	-	-	(43,953)	(11,152)	19,837	-	45,710	56,018	-	101,728
Rai World SpA	5,300	2,309	-	7,609	-	-	-	-	-	(7,609)	-	-	-	-
	<b>343,374</b>	<b>156,774</b>	<b>(40,682)</b>	<b>459,466</b>	<b>94,116</b>	<b>-</b>	<b>(43,953)</b>	<b>(55,353)</b>	<b>81,960</b>	<b>(7,609)</b>	<b>407,656</b>	<b>155,261</b>	<b>(34,290)</b>	<b>528,627</b>
<b>Associated companies</b>														
Audiradio Srl in liquidation	1,428	-	(1,428)	-	-	-	-	-	-	-	1,428	-	(1,428)	- (a)
Auditel Srl	10	503	-	513	-	-	-	-	158	-	10	661	-	671
Euronews SA	850	4,130	-	4,980	-	-	-	-	(2,115)	-	850	2,015	-	2,865
San Marino RTV SpA	258	1,956	-	2,214	-	-	-	-	(118)	-	258	1,838	-	2,096
Tivù Srl	483	1,996	-	2,479	-	-	-	(450)	716	-	483	2,262	-	2,745
	<b>3,029</b>	<b>8,585</b>	<b>(1,428)</b>	<b>10,186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(450)</b>	<b>(1,359)</b>	<b>-</b>	<b>3,029</b>	<b>6,776</b>	<b>(1,428)</b>	<b>8,377</b>
<b>Other companies</b>														
Almaviva SpA	324	-	-	324	-	-	-	-	-	-	324	-	-	324
Banca di Credito Cooperativo di Roma	1	-	-	1	-	-	-	-	-	-	1	-	-	1
CFI in liquidation	30	-	(30)	-	-	-	(b)	-	-	-	-	-	-	-
Consorzio Nettuno	21	-	(21)	-	-	-	(c)	-	-	-	-	-	-	-
Consorzio Valle D'Aosta Digitale in liquidation	7	-	(7)	-	-	-	(1) (d)	-	1	-	-	-	-	-
Int. Multimedia University Umbria Srl	52	-	(52)	-	-	-	-	-	-	-	52	-	(52)	-
Immobiliare Editori Giornali Srl	12	-	-	12	(12)	-	-	-	-	-	-	-	-	-
Ist. Enciclopedia Treccani SpA	513	-	(98)	415	-	-	-	-	5	-	513	-	(93)	420
	<b>960</b>	<b>-</b>	<b>(208)</b>	<b>752</b>	<b>(12)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>890</b>	<b>-</b>	<b>(145)</b>	<b>745</b>

(a) a sum equal to Rai's share of the capital deficit, amounting to Euro 56 thousand at 31 December 2013, has been recognized in a special provision for charges.

(b) following completion of the liquidation process, the value of the investment was written down to zero, offset by release of the related provision.

(c) following withdrawal from the consortium, the value of the investment was written down to zero, offset by release of the related provision.

(d) following completion of the liquidation process and distribution of the assets, the value of the investment was written down to zero.

**List of equity investments in subsidiaries and associated companies****Schedule 4**

(thousands of Euro)

Company name	Registered office	Share capital	Net Equity	Profit (loss)	Share holding (%)	Corresponding share of net equity	Book Value
<b>Subsidiaries</b>							
Rai Cinema SpA	Roma	200,000	279,146	46,569	100.00%	279,146	279,146
Rai Com (ex RaiNet SpA)	Roma	10,320	113,075	6,849	100.00%	113,075	113,155 (1)
Rai Corporation in liquidation	New York (USA)	412 (2)	3,284 (3)	-	100.00%	3,284	3,284
Rai Pubblicità SpA	Torino	10,000	39,884	7,890	100.00%	39,884	31,314 (4)
Rai Way SpA	Roma	70,176	153,790	24,646	65.07353%	100,077	101,728 (5)
							<b>528,627</b>
<b>Associated companies</b>							
Audiradio Srl in liquidation	Milano	258	(209) (6)	- (6)	27.00%	(56)	- (7)
Auditel Srl	Milano	300	2,033	477	33.00%	671	671
Euronews SA	Ecully (F)	4,033	13,936	(10,456)	20.56%	2,865	2,865
San Marino Rtv SpA	S. Marino (RSM)	516	4,193	(236)	50.00%	2,096	2,096
Tivù Srl	Roma	1,002	5,698	1,486	48.16%	2,745	2,745
							<b>8,377</b>

(1) the difference of approximately Euro 80 thousand between book value and share of net equity is due to adjustments to the net equity figure in relation to intercompany transactions, as required by the accounting policies applied in preparing the consolidated financial statements for valuation at equity.

(2) USD 500,000 at the 12.31.2014 exchange rate of Euro/USD 1,2141.

(3) USD 3,986,381 at the 12.31.2014 exchange rate of Euro/USD 1,2141.

(4) the difference of approximately Euro 8,570 thousand between book value and share of net equity is due to adjustments to the net equity figure in relation to intercompany transactions, as required by the accounting policies applied in preparing the consolidated financial statements for valuation at equity.

(5) the difference of approximately Euro 1,651 thousand between book value and share of net equity is due to adjustments to align the net equity figure with the accounting policies adopted by the RAI Group in preparing the consolidated financial statements.

(6) as per financial statements at 12.31.2013.

(7) a sum equal to Rai's share of the capital deficit has been recognized in a special provision for charges.

The following points relating to equity investments during 2014 are noted in order of their significance and consequent impact on the Rai financial statements:

**Equity investments in subsidiaries**

- *Rai Cinema SpA* (100% Rai): the share capital of 200,000 thousand Euro is represented by 38,759,690 shares with a par value of Euro 5.16 each. The value of the investment has been increased by Euro 46,569 thousand, in recognition of the profit earned by the Company in 2014. During 2014, a dividend of Euro 35,271 thousand was paid and accounted for under equity investments in subsidiaries as a reduction in the aforementioned revaluation of the investment.
- *Rai Com SpA* (ex RaiNet 100% Rai). The following exceptional transactions were carried out to implement Board Resolutions passed on 19 June 2014: transfer of the "internet" business from RaiNet to the Parent Company (agreement dated 24 June 2014, effective 30 June 2014); and the transfer of the "commercial" business from the Parent Company to RaiNet (agreement dated 25 June 2014, effective 30 June 2014). In line with the aforementioned resolutions, on 20 June 2014, the Extraordinary Meeting of Shareholders decided to change the corporate objective and corporate name from RaiNet SpA to Rai Com SpA., and also to increase share capital from Euro 5,160 thousand to Euro 10,320 thousand, with the option being granted to Rai as sole shareholder at a premium of Euro 88,955 thousand. Share capital is therefore now represented by 2,000,000 shares with a par value of Euro 5.16 each. At 31 December 2014, the investment was valued at Euro 142,016 thousand following the increase in value of Euro 94,116 thousand relating to the transfer of the "commercial" business. The value of the investment, which had been written down by Euro 34,860 thousand at 31 December 2013, has been increased by Euro 6,929 thousand in recognition of the profit earned during 2014, adjusted as required to reflect the accounting policies applied in preparing the consolidated financial statements. During 2014, a dividend of Euro 930 thousand was paid and accounted for under equity investments in subsidiaries as an increase in the cumulative write-down of the value of the investment.

- *Rai Corporation in liquidation* (100% Rai): the share capital of 500,000 thousand USD is represented by 50,000 shares with a par value of 10 USD each. The investment is valued at Euro 8,713 thousand, in recognition of the payment on account of share capital of USD 10,000,000 made during 2005. At 31 December 2014, the value of the investment, which had been written down by Euro 5,822 thousand at 31 December 2013, has been increased by Euro 393 thousand to bring it into line with the value of shareholders' equity, drawn up on the basis of the Italian accounting standards, at the exchange rate in force on 31 December 2014.
- *Rai Pubblicità SpA* (100% Rai): the share capital of Euro 10,000 thousand is represented by 100,000 shares with a par value of Euro 100 each. Valuation of the investment using the equity method has resulted in its value being increased by Euro 8,232 thousand in recognition of the profit earned during 2014 (Euro 7,890 thousand) and further adjustments required to reflect the accounting policies applied in preparing the consolidated financial statements. During 2014, a dividend of Euro 8,000 thousand was paid and accounted for under equity investments in subsidiaries as a reduction in the aforementioned revaluation of the investment.
- *Rai Way SpA* (65.07353% Rai): on 4 September 2014, the Board of Directors of Rai decided to sell a minority interest in the shares of Rai Way with the intention of having the Company quoted on the Italian Stock Exchange (Borsa Italiana). On the same day, the Board of Directors of Rai Way initiated the process to obtain listing of the company's ordinary shares on the MTA (the Italian automated screen-based trading market). On 9 September 2014, Rai Way SpA presented to Borsa Italiana its request for admission for the listing of its ordinary shares on the MTA. On 9 September 2014, the Company also requested the authorization of Consob (the Italian Securities and Exchange Commission) to publish an Offering Circular in relation to a public offer for sale and admission for listing of its ordinary shares on the MTA. To this end, the share capital amounting to Euro 70,176 thousand, previously represented by 13,600,000 shares with a par value of Euro 5.16 each, was re-issued in the form of 272,000,000 shares with no specific nominal value.  
On 2 October 2014, the Official Gazette (general series no. 229) published a Prime Ministerial Decree (DPCM) setting out the criteria and processes to be followed for the partial disposal of the investment in the share capital of Rai Way held indirectly by the Ministry of the Economy and Finance (Legislative Decree 66 of 24 April 2014, converted with modifications by Law 89 of 23 June 2014). By publishing the DPCM, the Prime Minister formally authorized Rai, the sole shareholder, to proceed with the public offer for sale of the shares of Rai Way.  
Following the admission for listing granted on 30 October by Borsa Italiana, on 31 October 2014, Consob approved publication of the Offering Circular.  
The global offering was concluded successfully on 13 November 2014. Some 95,000,000 shares were sold (34.92647% of the total) based on requests received.  
On 16 April 2014, and therefore prior to sale of the equity investment, a dividend amounting to Euro 11,152 thousand was paid to Rai, the sole shareholder, and accounted for under equity investments in subsidiaries as a reduction in the aforementioned revaluation of the investment.  
The sale of the share of the equity investment has resulted in its value, accounted for under B III 1 a) Equity investments in subsidiaries, being decreased by Euro 43,953 thousand (Euro 24,534 thousand against cost and Euro 19,419 thousand against the revaluation) equal to 34.92647% of the net equity of the company at 31 December 2013, net of dividends paid of Euro 11,152 thousand. The sale has also resulted in a capital gain of Euro 236,297 thousand, accounted for and reported under E 20 Exceptional Income a) capital gains relating to operations with significant effects on the structure of the Company.  
At 31 December 2014, the value of the investment has been increased by Euro 19,837 thousand in recognition of Rai's share of the profit earned during 2014 (Euro 24,646 thousand adjusted down by an amount of Euro 5,838 thousand following alignment of the Company's financial statements with the accounting policies adopted by the Rai Group).
- *Rai World SpA* (100% Rai): on 10 October 2014, Rai's Board of directors decided that Rai World SpA would be merged with Rai and this was confirmed by a decision of the Extraordinary General Meeting of Rai World shareholders on 13 October 2014. On 29 December 2014 Rai World SpA was merged through acquisition into Rai, effective 1 January 2014; the merger was based on the financial statements of the two companies at 30 June 2014.

### Equity investments in associated companies

- *Audiradio Srl in liquidation* (27% Rai): the share capital of Euro 258 thousand is represented by 258,000 shares with a par value of Euro 1 each. The gross/original value of the investment of Euro 1,428 thousand is fully written down based on the financial statements at 31 December 2013, which show a negative shareholders' equity of Euro 209 thousand. Rai's share of the capital deficit amounting to Euro 56 thousand has been recognized in a special provision for charges.



- *Auditel Srl* (33% Rai): the share capital of Euro 300 thousand is represented by 300,000 shares with a par value of Euro 1 each. The value of the investment has been increased by Euro 158 thousand in recognition of Rai's share of the total profit of Euro 477 thousand earned by the company during 2014.
- *Euronews - Société Anonyme* (20.56% Rai): the share capital of Euro 4,033 thousand is represented by 268,856 shares with a par value of Euro 15 each. The value of the investment has been written down by Euro 2,115 thousand in recognition of Rai's share of the total loss of Euro 10,456 thousand incurred by the company during 2014.
- *San Marino Rtv SpA* (50% Rai): this company was established in 1991 by Rai and E.R.A.S. - Ente di Radiodiffusione Sammarinese -, each 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. The company has a share capital of Euro 516 thousand consisting of 1,000 shares with a par value of Euro 516.46 each. The investment had been revalued by Euro 1,956 thousand to reflect positive results in previous years. At 31 December 2014, the value of the investment has been written down by Euro 118 thousand in recognition of Rai's share of the total loss of Euro 236 thousand incurred by the company during 2014.
- *Tivù Srl* (48.16% Rai): the share capital of Euro 1,002 thousand is held by Rai and R.T.I. – Reti Televisive Italiane SpA – each with equal holdings of 48.16%, by TI Media – Telecom Italia Media S.p.A. – with a share of 3.5% and by two associations - FRT and Aeranti Corallo – each with a 0.09% share. The value of the investment has been increased by Euro 716 thousand in recognition of Rai's share of the total profit of Euro 1,486 thousand earned by the company during 2014. During 2014, a dividend of Euro 935 thousand was paid in relation to the 2013 results and Rai's share of Euro 450 thousand has been accounted for under Equity investments in associated companies as a reduction in the aforementioned revaluation of the investment.

### Equity investments in other companies

- *Almaviva – The Italian Innovation Company SpA* (0.831% Rai): the value of the holding is unchanged from 2013 and amounts to Euro 324 thousand. The share capital is represented by 107,567,301 ordinary shares with a par value of Euro 1.00 each.
- *Banca di Credito Cooperativo di Roma S.c.p.a.* (an open-end company with non-significant percentage held by Rai): the investment is valued at Euro 1 thousand, reflecting the amount paid on 16 January 2009 for the purchase of 100 shares.
- *C.F.I. – Consorzio per la Formazione Internazionale in liquidation*: the liquidation process was completed on 26 February 2014 and as a result, the value of the investment has been written down to zero.
- *Consorzio Nettuno – Consorzio per la realizzazione di università a distanza* (consortium for the creation of a distance learning university): on 27 February 2014, in accordance with the relevant bylaws, Rai exercised its right to withdraw from the consortium (formalized by document register no. DG/0014). As a result, the value of the investment has been written down to zero and offset by release of a provision set up in previous years in recognition of the fact that 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 liquidation process was completed on 21 March 2014 and as a result, the value of the investment has been written down to zero.
- *International Multimedia University Umbria Srl* (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*: the value of the investment, amounting to Euro 12 thousand and representing 1.75% of the net equity of the company, has been transferred to Rai Com as part of the transfer of the "commercial" business.
- *Istituto Enciclopedia Treccani SpA* (0.87% Rai): the value of the investment, which was initially recorded at Euro 513 thousand and subsequently written down by Euro 26 thousand, has been increased by Euro 5 thousand to align it with Rai's share of net equity as reported in the latest approved financial statements. The share capital is represented by 41,245,128 shares with a par value of Euro 1.00 each.

## Notes to the financial statements

## Receivables

Receivables amount to Euro 1,843 thousand (net of a bad debt provision of Euro 399 thousand), a decrease of Euro 91 thousand with respect to 31 December 2013.

They include guarantee deposits of Euro 1,691 thousand and loans granted to employees for Euro 152 thousand, as shown in Schedule 5. Schedule 8 provides details in relation to due date.

## Other securities

They amount to Euro 2,335 thousand and are entirely composed of collateral securities. Further details are provided in Schedule 6.

**Non-current financial assets - Receivables****Schedule 5**

(thousands of Euro)	12.31.2013			Changes during the year					12.31.2014		
	Gross	Provisions for bad debt	Book value	Transfer of "commercial" business	Disbursements	Reclassifications	Refunds/recoveries	Writedowns (-) writebacks (+)	Gross	Provisions for bad debt	Book value
Due from others:											
- guarantee deposits	1,595	-	1,595	-	176	-	(80)	-	1,691	-	1,691
- employees	518	(179)	339	-	89	(210) (a)	(66)		331	(179)	152
- Ponteco	220	(220)	-	-	-	-	-	-	220	(220)	-
<b>Total</b>	<b>2,333</b>	<b>(399)</b>	<b>1,934</b>	<b>-</b>	<b>265</b>	<b>(210)</b>	<b>(146)</b>	<b>-</b>	<b>2,242</b>	<b>(399)</b>	<b>1,843</b>

(a) Amount reclassified to Receivables due from others - in current assets.

**Non-current financial assets - Other securities****Schedule 6**

(thousands of Euro)	12.31.2013				Changes during the year				12.31.2014			
	Costs	Revaluations (a)	Writedowns (a)	Book value	Acquisitions	Refunds	Revaluations (a)	Writedowns (-) Writebacks (+) (a)	Costs	Revaluations (a)	Writedowns (a)	Book value
Fixed-income securities:												
- B.T.P.	2,392	-	(7)	2,385	-	-	-	(50)	2,392	-	(57)	2,335
	<b>2,392</b>	<b>-</b>	<b>(7)</b>	<b>2,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>2,392</b>	<b>-</b>	<b>(57)</b>	<b>2,335</b>

(a) issue and trading discounts.

## Current assets

### Inventories

Inventories amount to Euro 361 thousand (Euro 1,388 at 31 December 2013), net of a write-down provision of Euro 12,490 thousand.

This item relates to inventories of Raw materials, supplies and consumables which consist entirely of supplies and spare parts for maintenance and the operation of equipment and are considered as consumables since they are not directly incorporated into products.

It is noted that inventories of Finished goods and merchandise relating to the books and periodicals business and inventories relating to "commercial", which at 31 December 2014 were valued at Euro 841 thousand net of a write down provision, were transferred to Rai Com (ex RaiNet) as part of the transfer of the "commercial" business.

### Inventories

Schedule 7

(thousands of Euro)	12.31.2013	Changes of the year			12.31.2014
		Transfer of "commercial" business	Increases (+) Reduction (-)	Balance of provisions made (+) and released (-)	
Raw materials, supplies and consumables	13,421	-	(570)	-	12,851
Writedown provision	(12,874)	-	-	384	(12,490)
	<b>547</b>	<b>-</b>	<b>(570)</b>	<b>384</b>	<b>361</b>
Finished products and merchandise	841	(802)	(39)	-	-
	<b>841</b>	<b>(802)</b>	<b>(39)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,388</b>	<b>(802)</b>	<b>(609)</b>	<b>384</b>	<b>361</b>

### Receivables

Receivables amount to Euro 716,427 thousand, a decrease of Euro 209,600 thousand with respect to 31 December 2013. Schedule 8 provides a breakdown of receivables and Schedule 9 provides further details in relation to maturity and type.

**Receivables due from customers** relate to trade receivables other than those due from subsidiaries and associated companies, which are reported separately. They amount to Euro 65,630 thousand, representing a nominal value of Euro 73,493 thousand which has been written down by Euro 7,863 thousand to bring them to their estimated realisable value. Receivables from customers are Euro 174,164 lower than at 31 December 2013, mainly as a result of the transfer of the "commercial" business as shown in Schedule 8.

Receivables due from customers may be further analysed as follows:

- *receivables for public broadcasting services to central government and other public entities* amounting to Euro 21,706 thousand, a decrease of Euro 56,867 thousand with respect to 31 December 2013. These relate wholly to amounts due from the Ministry of the Economy and Finance for management of television license fee collection, of which Euro 10,938 thousand relating to 2013 and Euro 10,768 thousand relating to 2014;
- *other receivables* amounting to Euro 51,787 thousand, a decrease of Euro 123,689 thousand with respect to 31 December 2013. These represent receivables due for the sale of rights and provision of various services.

**Receivables due from subsidiaries** amounting to Euro 389,786 thousand (Euro 454,705 thousand at 31 December 2013). As detailed in Schedule 8, these represent year-end balances with subsidiaries and include financial receivables of Euro 81,887 thousand (Euro 139,637 thousand at December 2013) and other receivables amounting to Euro 307,899 thousand (Euro 315,068 thousand euros at 31 December 2013).

Notes to the financial statements

**Current assets - Receivables**

Schedule 8

(thousands of Euro)	12.31.2013	Changes during the year								12.31.2014
		Rai World Merger	Transfer of "Internet" business	Acquisition of "commercial" business	Elimination	Total exceptional transactions	Balance of entries (+) repayments (-)	Uses/release	Allocation to provisions	
<b>Customers</b>										
. government and other public entities for public broadcasting services	78,573	-	(85,768)	-	-	(85,768)	28,901	-	-	21,706
. net receivables for licence fees	10,427	-	-	-	-	-	(10,427)	-	-	-
. other receivables	175,476	1,635	(49,731)	21	-	(48,075)	(75,614)	-	-	51,787
<i>less</i>										
. bad debts provision	(24,682)	(1,635)	17,464	-	-	15,829	-	1,154	(164)	(7,863)
	<b>239,794</b>	<b>-</b>	<b>(118,035)</b>	<b>21</b>	<b>-</b>	<b>(118,014)</b>	<b>(57,140)</b>	<b>1,154</b>	<b>(164)</b>	<b>65,630</b>
<b>Subsidiaries</b>										
. Rai Corporation in liquidation	11	-	-	-	-	-	(11)	-	-	-
. Rai Pubblicità SpA	216,600	-	-	1,693	-	1,693	(11,917)	-	-	206,376
. Rai Way SpA	109,799	-	-	9	-	9	(93,035)	-	-	16,773
. Rai Com SpA (ex RaiNet SpA)	4,960	-	-	-	(4,864)	(4,864)	57,887	-	-	57,983
. Rai Cinema SpA	117,444	-	(906)	18	-	(888)	(7,773)	-	-	108,783
. Rai World SpA	6,204	-	-	4	(20)	(16)	(6,188)	-	-	-
<i>less</i>										
. bad debts provision (Rai Cinema 2013, Rai Com 2014)	(313)	-	326	-	-	326	-	8	(150)	(129)
	<b>454,705</b>	<b>-</b>	<b>(580)</b>	<b>1,724</b>	<b>(4,884)</b>	<b>(3,740)</b>	<b>(61,037)</b>	<b>8</b>	<b>(150)</b>	<b>389,786</b>
<b>Associated companies</b>										
. Tivù Srl	248	-	-	-	-	-	(16)	-	-	232
. San Marino RTV	86	-	-	-	-	-	(21)	-	-	65
. Euronews SA	1	-	-	-	-	-	(1)	-	-	-
	<b>335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>-</b>	<b>-</b>	<b>297</b>
<b>Parent companies</b>	<b>-</b>	<b>11,480</b>	<b>-</b>	<b>3,972</b>	<b>(15,452)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax receivables</b>	<b>59,540</b>	<b>260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>34,421</b>	<b>-</b>	<b>-</b>	<b>94,221</b>
<b>Deferred tax assets</b>	<b>36,492</b>	<b>-</b>	<b>(475)</b>	<b>-</b>	<b>-</b>	<b>(475)</b>	<b>7,950</b>	<b>-</b>	<b>-</b>	<b>43,967</b>
<b>From others</b>										
. future sports events	77,779	-	-	-	-	-	(27,974)	-	-	49,805
. payments on account to suppliers, collaborators, agents	15,521	421	(950)	-	-	(529)	11,763	-	-	26,755
. social security departments	19,350	-	-	-	-	-	832	-	-	20,182
. advances on commercial activities	21,627	-	(11,290)	-	-	(11,290)	1,032	-	-	11,369
. personnel	8,875	-	(7)	3	-	(4)	1,650	-	-	10,521
. European Union for subsidies and grants	958	-	-	-	-	-	2	-	-	960
. other	4,163	-	(101)	-	-	(101)	4,525	-	-	8,587
<i>less</i>										
. bad debts provision	(13,112)	-	10,827	-	-	10,827	-	(8)	(3,360)	(5,653)
	<b>135,161</b>	<b>421</b>	<b>(1,521)</b>	<b>3</b>	<b>-</b>	<b>(1,097)</b>	<b>(8,170)</b>	<b>(8)</b>	<b>(3,360)</b>	<b>122,526</b>
<b>Total</b>	<b>926,027</b>	<b>12,161</b>	<b>(120,611)</b>	<b>5,720</b>	<b>(20,336)</b>	<b>(123,066)</b>	<b>(84,014)</b>	<b>1,154</b>	<b>(3,674)</b>	<b>716,427</b>

### Receivables, accrued income and prepaid expenses distributed by maturity and type

Schedule 9

(thousands of Euro)	12.31.2014				12.31.2013			
	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
<b>Non-current financial receivables</b>								
other	172	825	846	1,843	184	836	914	1,934
	<b>172</b>	<b>825</b>	<b>846</b>	<b>1,843</b>	<b>184</b>	<b>836</b>	<b>914</b>	<b>1,934</b>
<b>Current receivables</b>								
<b>Financial receivables</b>								
subsidiaries	81,887	-	-	81,887	139,637	-	-	139,637
associated companies	-	-	-	-	-	-	-	-
	<b>81,887</b>	<b>-</b>	<b>-</b>	<b>81,887</b>	<b>139,637</b>	<b>-</b>	<b>-</b>	<b>139,637</b>
<b>Trade and other receivables</b>								
customers	63,611	2,019	-	65,630	236,964	2,830	-	239,794
subsidiaries	307,899	-	-	307,899	315,068	-	-	315,068
associated companies	297	-	-	297	335	-	-	335
tax receivables	77,397	16,824	-	94,221	42,716	16,824	-	59,540
deferred tax assets	43,967	-	-	43,967	36,492	-	-	36,492
due from others:								
- advances on commercial activities	-	11,369	-	11,369	354	10,608	-	10,962
- future sports events	10,853	38,952	-	49,805	55,237	22,542	-	77,779
- other	55,380	5,972	-	61,352	46,420	-	-	46,420
	<b>559,404</b>	<b>75,136</b>	<b>-</b>	<b>634,540</b>	<b>733,586</b>	<b>52,804</b>	<b>-</b>	<b>786,390</b>
<b>Total current receivables</b>	<b>641,291</b>	<b>75,136</b>	<b>-</b>	<b>716,427</b>	<b>873,223</b>	<b>52,804</b>	<b>-</b>	<b>926,027</b>
<b>Accrued income</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Prepaid expenses</b>	<b>28,057</b>	<b>-</b>	<b>-</b>	<b>28,057</b>	<b>26,368</b>	<b>-</b>	<b>-</b>	<b>26,368</b>
<b>Total</b>	<b>669,539</b>	<b>75,961</b>	<b>846</b>	<b>746,346</b>	<b>899,799</b>	<b>53,640</b>	<b>914</b>	<b>954,353</b>

### Receivables - Distribution by geographical area

Schedule 10

(thousands of Euro)	12.31.2014				12.31.2013			
	Italy	EU	Non-EU	Book value	Italy	EU	Non-EU	Book value
<b>Non-current financial receivables</b>								
other	1,668	162	13	1,843	1,832	93	9	1,934
	<b>1,668</b>	<b>162</b>	<b>13</b>	<b>1,843</b>	<b>1,832</b>	<b>93</b>	<b>9</b>	<b>1,934</b>
<b>Current receivables</b>								
customers	61,078	3,069	1,483	65,630	223,871	8,644	7,279	239,794
subsidiaries	389,786	-	-	389,786	454,693	-	11	454,704
associated companies	232	-	65	297	248	1	86	335
tax receivables	94,221	-	-	94,221	59,540	-	-	59,540
deferred tax assets	43,967	-	-	43,967	36,492	-	-	36,492
other:								
- advances on commercial activities	11,369	-	-	11,369	10,962	-	-	10,962
- future sports events	38,804	4,736	6,265	49,805	23,992	8,350	45,437	77,779
- other	52,557	8,350	445	61,352	42,343	3,538	540	46,421
<b>Total</b>	<b>692,014</b>	<b>16,155</b>	<b>8,258</b>	<b>716,427</b>	<b>852,141</b>	<b>20,533</b>	<b>53,353</b>	<b>926,027</b>

Notes to the financial statements

## Receivables, cash and equivalents and accrued income in foreign currency or exposed to exchange rate risk

Schedule 11

(thousands of Euro)	12.31.2014				12.31.2013			
	In Euro	In foreign currency or exposed to exchange rate risk	Provisions for bad debts	Book value	In Euro	In foreign currency or exposed to exchange rate risk	Provisions for bad debts	Book value
<b>Non-current financial receivables</b>								
other	2,162	80	(399)	1,843	2,327	6	(399)	1,934
	<b>2,162</b>	<b>80</b>	<b>(399)</b>	<b>1,843</b>	<b>2,327</b>	<b>6</b>	<b>(399)</b>	<b>1,934</b>
<b>Current receivables</b>								
customers	72,982	511	(7,863)	65,630	260,523	3,953	(24,682)	239,794
subsidiaries	389,915	-	(129)	389,786	455,007	11	(313)	454,705
associated companies	297	-	-	297	335	-	-	335
tax receivables	94,221	-	-	94,221	59,540	-	-	59,540
deferred tax assets	43,967	-	-	43,967	36,492	-	-	36,492
other:								
- advances on commercial activities	11,369	-	-	11,369	21,627	-	(10,665)	10,962
- future sports events	43,816	5,989	-	49,805	68,820	8,959	-	77,779
- other	66,480	525	(5,653)	61,352	48,466	401	(2,447)	46,420
	<b>723,047</b>	<b>7,025</b>	<b>(13,645)</b>	<b>716,427</b>	<b>950,810</b>	<b>13,324</b>	<b>(38,107)</b>	<b>926,027</b>
<b>Cash and cash equivalents</b>								
Bank and post office deposits	107,787	5,701	-	113,488	3,297	3,170	-	6,467
Cheques	313	-	-	313	50	-	-	50
Cash and cash equivalents on hand	-	-	-	-	373	-	-	373
	<b>108,100</b>	<b>5,701</b>	<b>-</b>	<b>113,801</b>	<b>3,720</b>	<b>3,170</b>	<b>-</b>	<b>6,890</b>
<b>Accrued income</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Total</b>	<b>833,328</b>	<b>12,806</b>	<b>(14,044)</b>	<b>832,090</b>	<b>956,881</b>	<b>16,500</b>	<b>(38,506)</b>	<b>934,875</b>

**Receivables from associated companies:** amounting to Euro 297 thousand (Euro 335 thousand at 31 December 2013). As detailed in Schedule 8, these represent year-end balances with associated companies and relate wholly to trade receivables.

**Tax receivables:** amounting to Euro 94,221 thousand (Euro 59,540 thousand at 31 December 2013). These relate to Group VAT (Euro 53,807), the IRES of subsidiary and associated companies included within the tax group deriving from the deductibility of IRAP in relation to personnel costs and similar (Euro 21,791 thousand), a VAT reimbursement requested (Euro 13,400 thousand), an IRAP credit (Euro 3,299 thousand) and other tax reimbursements requested (Euro 1,924).

**Deferred tax assets:** amounting to Euro 43,967 thousand relating to timing differences in the tax deductibility of certain costs, as explained more fully in the section dealing with "Income taxes".

Details of deferred tax assets, including movements during 2014, are provided in the following table:

### Deferred tax assets

(thousands of Euro)	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.86% (average)	Total
<b>Situation at 31 December 2013:</b>					
- Taxable loss	80,000	22,000	==	==	22,000
- Write-down of programmes	24,182	6,650	32,741	1,596	8,246
- Statutory/fiscal difference on amortisation of programmes	16,233	4,464	==	==	4,464
- Other timing differences	0	0	36,562	1,782	1,782
<b>Deferred tax assets at start of year</b>	<b>120,415</b>	<b>33,114</b>	<b>69,303</b>	<b>3,378</b>	<b>36,492</b>
<b>Movements in the year:</b>					
- Alignment of prior year tax loss	358	98	==	==	98
- Taxable loss	118,669	32,634	==	==	32,634
- Write-down of programmes	13,343	3,669	(32,736)	(1,596)	2,073
- Statutory/fiscal difference on amortisation of programmes	5,106	1,404	==	==	1,404
- Other timing differences	0	0	(36,562)	(1,782)	(1,782)
<b>Changes having effect on income statement</b>	<b>137,476</b>	<b>37,805</b>	<b>(69,298)</b>	<b>(3,378)</b>	<b>34,427</b>
Total changes in the year	(80,358)	(22,098)	==	==	(22,098)
Transformation into tax credits	(15,922)	(4,378)	==	==	(4,378)
Transfer of commercial business	(1,728)	(476)	(5)	0	(476)
<b>Changes having effect on balance sheet</b>	<b>(98,008)</b>	<b>(26,952)</b>	<b>(5)</b>	<b>0</b>	<b>(26,952)</b>
<b>Total changes in the year</b>	<b>39,468</b>	<b>10,853</b>	<b>(69,303)</b>	<b>(3,378)</b>	<b>7,475</b>
<b>Situation at 31 December 2013:</b>					
- Taxable loss	118,669	32,634	==	==	32,634
- Write-down of programmes	28,594	7,863	0	0	7,863
- Statutory/fiscal difference on amortisation of programmes	12,620	3,470	==	==	3,470
- Other timing differences	0	0	0	0	0
<b>Deferred tax assets at end of year</b>	<b>159,883</b>	<b>43,967</b>	<b>0</b>	<b>0</b>	<b>43,967</b>

**Receivables due from others:** amounting to Euro 122,526 thousand (Euro 135,161 thousand at 31 December 2013) net of a bad debt provision of Euro 17.4 million. These include:

- *receivables due from suppliers* amounting to Euro 49,805 thousand. These relate to advance payments made for filming rights at future sports events;
- *receivables due from suppliers for other advances* amounting to Euro 26,755 thousand;
- *receivables due from social security departments* amounting to Euro 20,182 thousand. These relate to advance payments made against contributions payable in relation to artistic and other activities;
- *receivables due from suppliers* amounting to Euro 11,369 thousand. These relate to guaranteed minimums advanced in relation to commercial initiatives;
- *receivables due from personnel* amounting to Euro 10,521 thousand. For the main part, these include amounts receivable in relation to employment disputes (Euro 3,866 thousand), travel advances (Euro 2,726 thousand), and advances for production expenses (Euro 2,118 thousand);
- *receivables from the European Union for subsidies and grants* amounting to Euro 960 thousand, consisting entirely of receivables relating to research projects;
- *receivables due from others* amounting to Euro 8,587 thousand.

### Cash and cash equivalents

Cash and cash equivalents are detailed in Schedule 12 and include:

- Bank and post office deposits: amounting to Euro 113,488 thousand (Euro 6,467 thousand at 31 December 2013). These represent available balances on deposit or current accounts with banks, financial institutions and the Post Office;
- Cheques: zero (Euro 50 thousand at 31 December 2013).
- Cash and cash equivalents: on hand amounting to Euro 313 thousand (Euro 373 thousand at 31 December 2013). These include liquid funds in the form of cash and equivalent instruments (tax stamps, cashier's cheques or bank-guaranteed cheques, etc.) held at 31 December 2014.

Schedule 11 provides a breakdown of cash and cash equivalents in Euro and other currencies. Schedule 24 provides details of sums held by banks or the post office which are unavailable to the Group as a result of seizure orders.

### Cash and cash equivalents

Schedule 12

(thousands of Euro)	Changes during the year		
	12.31.2013	Net change	12.31.2014
Bank and post office deposits	6,467	107,021	113,488
Cheques	50	(50)	-
Cash and cash equivalents on hand	373	(60)	313
<b>Total</b>	<b>6,890</b>	<b>106,911</b>	<b>113,801</b>



## Accrued income and prepaid expenses

Accrued income and prepaid expenses total Euro 28,076 thousand. Details are provided in Schedule 10.

### Accrued income and prepaid expenses

Schedule 13

(thousands of Euro)	Changes during the year						12.31.2014
	12.31.2013	Transfer of "commercial" business	Acquisition of "internet" business	Elimination	Total exceptional transactions	Net change	
<b>Prepaid expenses:</b>							
. sporting events filming rights	20,334	-	-	-	-	2,824	23,158
. software licenses	3,989	-	105	(2)	103	(478)	3,614
. services for personnel	-	(48)	21	-	(27)	27	-
. rent and hire costs	937	-	65	-	65	(547)	455
. commissions on sureties	231	-	-	-	-	13	244
. insurance and accident prevention	143	-	-	-	-	(106)	37
. government concession tax	-	-	-	-	-	140	140
. maintenance and repairs	24	-	128	-	128	(2)	150
. association dues	7	-	-	-	-	17	24
. EDP	166	-	25	-	25	(75)	116
. sundry production services	212	-	-	-	-	(204)	8
. Rai Way service contract costs	33	-	-	-	-	(33)	-
. documentation and information services	8	-	-	-	-	(8)	-
. premiums payable on currency hedges	7	-	-	-	-	4	11
. other	277	-	73	(14)	59	(236)	100
	<b>26,368</b>	<b>(48)</b>	<b>417</b>	<b>(16)</b>	<b>353</b>	<b>1,336</b>	<b>28,057</b>
<b>Accrued income:</b>							
. bank interest (current accounts)	6	-	-	-	-	(5)	1
. Interest on guarantee deposits	18	-	-	-	-	-	18
	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>19</b>
<b>Total</b>	<b>26,392</b>	<b>(48)</b>	<b>417</b>	<b>(16)</b>	<b>353</b>	<b>1,331</b>	<b>28,076</b>

## Liabilities

### Shareholders' equity

Shareholders' equity amounts to Euro 346,329 thousand.

A breakdown of shareholders' equity and the effects of operations carried out in 2014 and in the previous year are shown in Schedule 14.

Schedule 15 provides a breakdown of the various items included within shareholders' equity based on their origin, options regarding utilisation and availability for distribution, as well as their actual utilisation during the past three years.

The following notes provide further details on the contents of the individual items.

Notes to the financial statements

**Shareholders' equity**

Schedule 14

(thousands of Euro)	Changes during the year			Changes during the year			12.31.2014	
	12.31.2012	Loss coverage during the year	Profit for the year	12.31.2013	Allocation of profit during the year	Release of reserve on gains from dividends		Profit for the year
Share Capital (a)	242,518	-	-	242,518	-	-	-	242,518
Legal reserve	8,944	-	-	8,944	216	-	-	9,160
Other reserves:								
. merger surplus	138,714	(133,400)	-	5,314	-	-	-	5,314
. non-distributable reserve from revaluations of investments	111,712	(111,712)	-	-	4,101	(4,101)	-	-
. distributable reserve from revaluations of investments	551	(551)	-	-	-	4,101	-	4,101
. restricted reserve arising on exchange differences	-	-	-	-	-	-	-	-
. other reserves	37,372	-	-	37,372	-	-	-	37,372
Profit/(Loss) for the year	(245,663)	245,663	4,317	4,317	(4,317)	-	47,864	47,864
	<b>294,148</b>	<b>-</b>	<b>4,317</b>	<b>298,465</b>	<b>-</b>	<b>-</b>	<b>47,864</b>	<b>346,329</b>
(a) number of ordinary shares	242,518,100			242,518,100				242,518,100
nominal unit value	1 Euro			1 Euro				1 Euro

**Availability of Shareholders' equity**

Schedule 15

(thousands of Euro)					
Nature - Description	Amount	Options for utilisation	Available for distribution	Actual utilisation during the past three years	
				to cover losses	other
Share Capital	242,518	-	-		
Legal reserve	9,160	2	9,160		
Other reserves:					
- merger surplus	5,314	1-2-3	5,314	133,400	-
- non-distributable reserve from revaluation of investments	-	1-2	-	111,712	-
- distributable reserve from revaluation of investments	4,101	1-2-3	4,101	551	-
- other reserves	37,372	1-2-3	37,372	-	-
Profit for the year	47,864	1-2-3	47,864	-	-
<b>Total available</b>			<b>103,811</b>	<b>245,663</b>	<b>-</b>
Non-distributable share:					
Legal reserve			(9,160)		
5 % profit for the year			(2,393)		
Exchange gains			(273)		
Remaining profit for the year in non-distributable reserve from revaluation of investments			(45,198)		
<b>Total distributable</b>			<b>46,787</b>		

Key:

1: for capital increase – 2: for coverage of losses – 3: for distribution to shareholders

## Share Capital

At 31 December 2014, Share Capital was represented by 242,518,100 ordinary shares with a par value of Euro 1 each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of total share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of total share capital).

## Legal reserve

The legal reserve amounts to Euro 9,160 thousand.

## Other reserves

Other reserves total Euro 46,787 thousand and include:

- a merger surplus of Euro 5,314 thousand;
- a distributable reserve from revaluation of investments of Euro 4,101 thousand;
- other reserves amounting to Euro 37,372 thousand.

## Profit for the year

Profit for the year amounts to Euro 47,863,863.64.

## Provisions for risks and charges

Provisions for risks and charges amount to Euro 357,712 thousand, a net increase of Euro 17,278 thousand with respect to 31 December 2013. Schedule 16 provides a breakdown of this item and details of the aforementioned net increase.

The following notes provide additional information on the individual provisions.

## Provisions for risks and charges

Schedule 16

(thousands of Euro)	12.31.2013	Rai World Merger	Transfer of "commercial" business	Acquisition of "internet" business	Provisions	Direct utilisations	Transferred to Income Statement	Reclassifications	12.31.2014
<b>Provision for pension and similar liabilities:</b>									
- provision for supplementary seniority benefits	708	-	-	-	15 (a)	(75)	(16) (l)	-	632
- ISC ICM Agents	1,482	-	(4)	-	124 (b)	(67)	(128) (l)	-	1,407
- retirement fund	112	-	-	-	1 (a)	-	-	-	113
- supplementary company pension fund	141,800	-	-	-	8,984 (c)	(11,083)	-	-	139,701
	<b>144,102</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>9,124</b>	<b>(11,225)</b>	<b>(144)</b>	<b>-</b>	<b>141,853</b>
<b>Provision for taxes</b>	<b>2,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,115</b>
<b>Other:</b>									
- litigation	100,500	930	-	270	13,168 (d)	(18,354)	(2,514) (l)	-	94,000
- risks for losses on the Rai share of receivables of the concession holder Rai Pubblicità	14,500	-	-	6	1,601 (e)	(4,607)	-	-	11,500
- renovation and restructuring of properties	17,220	-	-	-	-	(914)	-	-	16,306
- staff early retirement incentives	1,303	-	-	-	-	(88)	-	(1,215)	-
- litigation with social security institutions	12,000	-	-	-	-	-	-	-	12,000
- accrued costs	3,098	-	-	-	5,045 (f)	(879)	(2,219) (l)	-	5,045
- lease disputes	3,523	-	-	-	113 (e)	-	-	-	3,636
- disputes with controlling bodies	1,500	-	-	-	75 (e)	(75)	-	-	1,500
- risks of non-usability of non-current assets (*)	10,700	-	-	-	329 (g)	-	-	-	11,029
- concession rights for 2014	-	-	-	-	25,333 (g)	-	-	-	25,333
- utilization of football teams rights	5,733	-	-	-	5,438 (e)	-	-	-	11,171
- miscellaneous:									
. for liabilities	12,680	17	(60)	21	1,724 (h)	(1,187)	(2,525) (l)	-	10,670
. for risks	11,466	415	(400)	7	3,009 (i)	(1,306)	(5,469) (l)	3,832	11,554
	<b>194,223</b>	<b>1,362</b>	<b>(460)</b>	<b>304</b>	<b>55,835</b>	<b>(27,410)</b>	<b>(12,727)</b>	<b>2,617</b>	<b>213,744</b>
<b>Total</b>	<b>340,434</b>	<b>1,362</b>	<b>(464)</b>	<b>304</b>	<b>64,965</b>	<b>(38,635)</b>	<b>(12,871)</b>	<b>2,617</b>	<b>357,712</b>
(*) including:									
- programmes under development	9,039								9,039
- technical	1,661								1,990
(a) contra-account: item B 9 d) pension and similar liabilities						(h) contra-account: item B 9 a) wages and salaries			278
(b) contra-account: item B 7 production costs for services							item B 13 other provisions		1,184
(c) contra-account: item B 14 c) other operating costs							item D 19 a) adjustments to the value of financial assets		22
(d) contra-account: item B 9 e) other personnel costs	9,260						item E 21 g) taxes relating to prior years		240
item B 12 provisions for risks	3,908					(i) contra-account: item B 12 provisions for risks			2,698
(e) contra-account: item B 12 provisions for risks							item C 17 d) various financial charges		11
(f) contra-account: item B 9 a) wages and salaries	3,919						item E 21 a) exceptional expense		300
item B 9 b) welfare and social security charges	1,126					(l) contra-account: item A 5 c) other revenues and different income			
(g) contra-account: item B 13 other provisions									

**Provision for pension and similar liabilities:** this amounts to Euro 141,853 thousand and comprises the supplementary seniority benefits provision, the retirement benefits provision, the Company supplementary pension fund and as well as the supplementary indemnity and merit indemnity reserves for agents.

- The *provision for supplementary seniority benefits* amounts to Euro 632 thousand (Euro 708 thousand at 31 December 2013). It represents sums owed in respect of indemnities in lieu of notice to employees hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year in line with the consumer price inflation index applicable to the families of workers and employees. In the event of early termination of employment, or change in the nature of employment, the amounts accrued are released.
- The *retirement fund* amounts to Euro 113 thousand (Euro 112 thousand at 31 December 2013). It includes amounts accrued up to 31 December 1988 and related annual revaluations accounted for in subsequent periods to protect the real value of the provision for eligible Rai 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 the CRAIPI (supplementary retirement fund for Rai employees) and the FIPDRAI (supplementary retire-

ment fund for Rai managers), associations responsible for managing retirement funds under the agreements entered into between Rai and the trade unions.

Following the agreement entered into on 25 October 2001, the provision for retirement benefits for non-executive staff was completely liquidated (with relevant amounts being disbursed to employees or to the CRAIPI). In the case of Rai managers, upon retirement, the funds accumulated by Rai and FIPDRAI are paid out unless, on maturing pension rights, the managers opt to obtain equivalent life annuities. In this case, any funds held by Rai and FIPDRAI remain with FIPDRAI to finance such life annuities.

- The *supplementary company pension fund* amounts to Euro 139,701 thousand (Euro 141,800 thousand at 31 December 2013). Its function is to cover supplementary pension benefits being paid to those employees who, in the past, had opted for the supplementary pension plan under the relevant trade union agreements in force at the time. The fund is kept at an adequate level, with reference to an actuarial calculation, to ensure said benefits in future.
- The *supplementary indemnity reserve for agents (ISC)* includes provisions for amounts to be paid to agents on termination of their contracts, whether at the natural contract termination date or other date decided by the Company. The amount is based on total commissions due to the agent at the contract termination date.
- The *merit indemnity reserve for agents (ICM)* includes provisions for amounts to be paid to agents in addition to the supplementary indemnity reserve and is based on development of the customer portfolio or increase in business with the existing customer base.

**Provision for taxes:** the provision for taxes amounts to Euro 2,115 thousand (2,109 thousand at 31 December 2013). Details of the provision for taxes, including movements during 2014, are provided in the following table.

### Deferred tax provision

(thousands of Euro)	Amount of IRES timing differences	IRES 27.5%	Total
<b>Balance at 31 December 2013:</b>			
- Tax assessment 1975			297
- Tax charge for long-term loan	377	104	104
- Accelerated depreciation for tax purposes non-current tangible assets	6,211	1,708	1,708
<b>Deferred tax provision at beginning of year</b>	<b>6,588</b>	<b>1,812</b>	<b>2,109</b>
<b>Movements in the year</b>			
- Tax assessment 1975			224
- Tax charge for long-term loan	127	35	35
- Neutralisation of foreign exchange valuations	273	75	75
- Accelerated depreciation for tax purposes non-current tangible assets	(1,194)	(328)	(328)
<b>Total changes in the year</b>	<b>(794)</b>	<b>(218)</b>	<b>6</b>
<b>Balance at 31 December 2014:</b>			
- Tax assessment 1975			521
- Tax charge for long-term loan	504	139	139
- Neutralisation of foreign exchange valuations	273	75	75
- Accelerated depreciation for tax purposes non-current tangible assets	5,017	1,380	1,380
<b>Deferred tax provision at year-end</b>	<b>5,794</b>	<b>1,594</b>	<b>2,115</b>

**Other provisions:** other provisions total Euro 213,744 thousand (Euro 194,223 thousand at 31 December 2013) and represent 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 most significant items are detailed in Schedule 16. As regards pending litigation with employees and third parties, the amount included in the provisions for risks and charges is considered to be the best estimate of the likely liability based on the most up-to-date information available.

### Provision for staff severance pay

The provision for staff severance pay amounts to Euro 249,804 thousand (Euro 257,789 thousand at 31 December 2013). The provision is determined at individual level in compliance with 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 of 1 January 2007.

In accordance with such legislation, amounts provided for staff severance pay are credited to pension funds outside the Company, unless employees request that their severance pay continue to mature within the Company. In this latter case, amounts provided are paid into a reserve managed by the INPS, which is then required, as provided by Article 2120 of the Civil Code, to refund the Company for any benefits disbursed in advance or in the case of termination of the employment contract.

Schedule 17 provides a breakdown of the item and changes during the year.

### Provision for staff severance pay

Schedule 17

(thousands of Euro)		Changes during the year							
12.31.2013	Rai World Merger	Transfer of "commercial" business	Acquisition of "Internet" business	Provisions	Severance pay disbursed	Staff transfers	Transfer to INPS supplementary retirement funds	Other movements	12.31.2014
257,789	33	(1,146)	331	42,928	(11,060)	444	(39,278)	(237)	249,804

## Payables

Payables amount to Euro 1,199,418 thousand, a decrease of Euro 72,756 thousand with respect to 31 December 2013.

In particular, financial payables due to banks total Euro 355,968 thousand, a net decrease of Euro 87,021 thousand with respect to the figure in the 2013 financial statements. None of the payables are secured against company assets.

Schedule 18 provides a breakdown of payables, while Schedule 19 provides further details of payables by maturity and type.

## Payables

## Schedule 18

(thousands of Euro)	Changes during the year							12.31.2014
	12.31.2013	Rai World Merger	Transfer of "commercial" business	Acquisition of "Internet" business	Elimination	Total exceptional transactions	Balance of new positions (+) and repayments (-)	
Due to banks	442,989	-	-	-	-	-	(87,021)	355,968
Advances	2,734	-	(1,613)	-	-	(1,613)	34,010	35,131
Suppliers	486,145	118	(19,162)	1,669	(8)	(17,383)	(27,546)	441,216
Subsidiaries (a)	147,241	-	(641)	191	(15,467)	(15,917)	44,846	176,170
Associated companies (b)	4,102	-	-	-	-	-	(3,189)	913
Parent companies	-	-	-	4,843	(4,843)	-	-	-
Tax payables	62,187	47	-	-	-	47	4,903	67,137
Welfare and social security institutions	73,785	21	(60)	24	-	(15)	427	74,197
Other payables	52,991	17	(404)	131	-	(256)	(4,049)	48,686
	<b>1,272,174</b>	<b>203</b>	<b>(21,880)</b>	<b>6,858</b>	<b>(20,318)</b>	<b>(35,137)</b>	<b>(37,619)</b>	<b>1,199,418</b>
(a) including:								
- Rai Way SpA	46,812	-	-	-	-	-	12,749	59,561
- Rai Cinema SpA	11,758	-	(562)	-	-	(562)	3,893	15,089
- Rai World SpA	15,481	-	(79)	-	(11,495)	(11,574)	(3,907)	-
- Rai Com SpA (ex RaiNet SpA)	18,153	-	-	148	(3,972)	(3,824)	67,023	81,352
- Rai Pubblicità SpA	51,910	-	-	43	-	43	(35,242)	16,711
- Rai Corporation in liquidation	3,127	-	-	-	-	-	330	3,457
	<b>147,241</b>	<b>-</b>	<b>(641)</b>	<b>191</b>	<b>(15,467)</b>	<b>(15,917)</b>	<b>44,846</b>	<b>176,170</b>
(b) including:								
- San Marino RTV SpA	3,628	-	-	-	-	-	(3,274)	354
- Tivù Srl	474	-	-	-	-	-	85	559
	<b>4,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,189)</b>	<b>913</b>

Notes to the financial statements

**Payables and accrued expenses and deferred income, by maturity and type** *Schedule 19*

(thousands of Euro)	12.31.2014				12.31.2013			
	Amounts due				Amounts due			
	within 1 year	from 2 to 5 years	more than 5 years	Book Value	within 1 year	from 2 to 5 years	more than 5 years	Book Value
<b>Medium/long-term financial payables</b>								
due to banks	98,333	231,667	15,000	345,000	98,333	172,500	25,000	295,833
<b>Short-term financial payables</b>								
due to banks	10,968	-	-	10,968	147,156	-	-	147,156
due to subsidiaries	64,333	-	-	64,333	77,633	-	-	77,633
due to associated companies	352	-	-	352	523	-	-	523
	<b>75,653</b>	<b>-</b>	<b>-</b>	<b>75,653</b>	<b>225,312</b>	<b>-</b>	<b>-</b>	<b>225,312</b>
<b>Trade and other payables</b>								
advances	35,131	-	-	35,131	2,734	-	-	2,734
suppliers	441,216	-	-	441,216	486,145	-	-	486,145
subsidiaries	107,808	4,029	-	111,837	65,558	4,050	-	69,608
associated companies	561	-	-	561	3,579	-	-	3,579
tax payables	67,137	-	-	67,137	62,187	-	-	62,187
welfare and social security institutions	74,197	-	-	74,197	73,785	-	-	73,785
other payables	48,686	-	-	48,686	52,991	-	-	52,991
	<b>774,736</b>	<b>4,029</b>	<b>-</b>	<b>778,765</b>	<b>746,979</b>	<b>4,050</b>	<b>-</b>	<b>751,029</b>
<b>Total payables</b>	<b>948,722</b>	<b>235,696</b>	<b>15,000</b>	<b>1,199,418</b>	<b>1,070,624</b>	<b>176,550</b>	<b>25,000</b>	<b>1,272,174</b>
Accrued expenses	305	-	-	305	530	-	-	530
Deferred income	19,922	-	-	19,922	28,915	-	-	28,915
<b>Total</b>	<b>968,949</b>	<b>235,696</b>	<b>15,000</b>	<b>1,219,645</b>	<b>1,100,069</b>	<b>176,550</b>	<b>25,000</b>	<b>1,301,619</b>

**Payables and accrued expenses in foreign currency or exposed to exchange rate risk***Schedule 20*

(thousands of Euro)	12.31.2014			12.31.2013		
	In Euro	In foreign currency or exposed to exchange rate risk	Book value	In Euro	In foreign currency or exposed to exchange rate risk	Book value
<b>Payables</b>						
Due to banks	355,968	-	355,968	442,989	-	442,989
Suppliers	434,165	7,051	441,216	474,580	11,565	486,145
Subsidiaries	172,713	3,457	176,170	144,114	3,127	147,241
Associated companies	913	-	913	4,102	-	4,102
Tax payables	67,137	-	67,137	62,187	-	62,187
Welfare and social security institutions	74,197	-	74,197	73,785	-	73,785
Other payables	48,411	275	48,686	52,767	224	52,991
<b>Total payables (a)</b>	<b>1,153,504</b>	<b>10,783</b>	<b>1,164,287</b>	<b>1,254,524</b>	<b>14,916</b>	<b>1,269,440</b>
Accrued expenses	305	-	305	530	-	530
<b>Total</b>	<b>1,153,809</b>	<b>10,783</b>	<b>1,164,592</b>	<b>1,255,054</b>	<b>14,916</b>	<b>1,269,970</b>

(a) does not include Advances.



The following notes provide further details in relation to the individual items.

**Due to banks:** payables due to banks amount to Euro 355,968 thousand (Euro 442,989 thousand at 31 December 2013) and include:

- Euro 345,000 thousand in medium/long-term loans, split as follows:
  - Euro 147,500 thousand relating to an unsecured loan taken out in May 2011 with a pool of banks. The loan is repayable in six-monthly instalments (final instalment due on 30 June, 2016);
  - a further Euro 147,500 thousand relating to an additional tranche of the loan negotiated in 2013, to be repaid in a single amount in June 2017.
 Interest rate swaps totalling Euro 138,333 thousand have been entered into to hedge the above loans;
  - Euro 50,000 thousand, relating to a loan agreement entered into with the European Investment Bank. The loan is covered by a bank guarantee and will be used to finance investments in DTT. Repayment will commence in 2016 with the final instalment payable in June 2021;
- Euro 10,968 thousand in current account overdrafts with certain banks.

**Advances:** advances received total Euro 35,131 thousand (Euro 2,734 thousand at 31 December 2013) and relate to:

- television license fees, amounting to Euro 33,326 thousand;
- digitalisation and transfer of materials held in Rai libraries, amounting to Euro 1,4000 thousand;
- miscellaneous, amounting to Euro 405 thousand.

**Due to suppliers:** payables due to suppliers amount to Euro 441,216 thousand (Euro 486,145 thousand at 31 December 2013) and relate entirely to trade payables.

**Due to subsidiaries:** payables due to subsidiaries amount to Euro 176,170 thousand (Euro 147,241 thousand at 31 December 2013) and include Euro 64,333 thousand in financial payables (Euro 77,633 thousand at 31 December 2013) and other payables of Euro 111,837 thousand (Euro 69,608 at 31 December 2013). Details by subsidiary company are provided in Schedule 18.

**Due to associated companies:** payables due to associated companies amount to Euro 913 thousand (Euro 4,102 thousand at 31 December 2013) and include Euro 352 thousand in financial payables (Euro 523 thousand at 31 December 2013) and other payables of Euro 561 thousand (Euro 3,579 thousand at 31 December 2013). Details by associated company are provided in Schedule 18.

**Tax payables:** tax payables amount to Euro 67,137 thousand (Euro 62,187 thousand at 31 December 2013) and comprise:

(thousands of Euro)	2014	2013
- IRES under taxation arrangements on consolidated basis	32,479	20,861
- Tax withholdings on earnings of employees and free-lance workers	32,071	33,239
- IRAP	-	5,495
- Deferred VAT	2,314	2,589
- Other withholdings and 'substitute' taxes	273	3
<b>Total</b>	<b>67,137</b>	<b>62,187</b>

With regard to the IRES payable, as explained in the accounting policies, the Company has opted to be taxed on a group basis and is responsible, as Parent Company, for meeting all requirements regarding the settlement and payment of IRES tax for Rai Cinema, Rai Way, Rai Com and Rai Pubblicità which are all included within the tax group. The national tax consolidation option has been renewed for all the companies for tax years up to the year ending 31 December 2015, with the exception of Rai Pubblicità, for which the option has been exercised until 31 December 2016.

## Notes to the financial statements

**Due to social security institutions:** payables due to social security institutions amount to Euro 74,197 thousand (Euro 73,785 thousand at 31 December 2013). They relate to contributions due on remuneration paid to employees and free-lance workers and are due for payment on scheduled dates. They include:

(thousands of Euro)	2014	2013
- INPGI	18,189	19,366
- INPS (previously ENPALS)	18,010	18,022
- CRAIPI	11,496	10,837
- FCPCI	8,973	8,990
- Contributions on assessed remuneration	7,189	7,289
- INPS	6,857	5,879
- Other	3,483	3,402
<b>Total</b>	<b>74,197</b>	<b>73,785</b>

**Other payables:** other payables amount to Euro 48,686 thousand (Euro 52,991 thousand at 31 December 2013) and include:

(thousands of Euro)	2014	2013
- Employees for assessed remuneration	35,772	39,635
- Others for assessed remuneration	7,721	8,252
- Other	5,193	5,104
<b>Total</b>	<b>48,686</b>	<b>52,991</b>

## Accrued expenses and deferred income

Accrued expenses and deferred income amount to Euro 20,227 thousand. Further details of balances and changes during the year are provided in Schedule 21.

### Accrued expenses and deferred income

Schedule 21

(thousands of Euro)	Changes during the year						12.31.2014
	12.31.2013	Transfer of "commercial" business	Acquisition of "internet" business	Eliminations	Total exceptional transactions	Balance of movements	
<b>Deferred income:</b>							
. grants for switchover to digital terrestrial broadcasting	26,040	-	-	-	-	(8,229)	17,811
. broadcasting and related rights on own productions	1,479	(138)	-	-	(138)	(338)	1,003
. special licence fee subscriptions	967	-	-	-	-	(86)	881
. interest income for extension of payment terms	347	-	-	-	-	(129)	218
. sponsorship of minor FIFA events	13	-	-	-	-	(13)	-
. teletext services	25	(4)	-	-	(4)	(21)	-
. other	44	(3)	31	(16)	12	(47)	9
	<b>28,915</b>	<b>(145)</b>	<b>31</b>	<b>(16)</b>	<b>(130)</b>	<b>(8,863)</b>	<b>19,922</b>
<b>Accrued expenses:</b>							
. commitment fees on credit lines	325	-	-	-	-	(52)	273
. interest on medium and long-term loans	13	-	-	-	-	14	27
. interest on rate hedging operations	8	-	-	-	-	(3)	5
. interest on short-term loans	184	-	-	-	-	(184)	-
	<b>530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(225)</b>	<b>305</b>
<b>Total</b>	<b>29,445</b>	<b>(145)</b>	<b>31</b>	<b>(16)</b>	<b>(130)</b>	<b>(9,088)</b>	<b>20,227</b>

Deferred income includes grants totalling Euro 17,811 thousand (net of the amount already recognised as income) disbursed by the Ministry for Communications between 2007 and 2011 in support of activities performed to accelerate the switch-over to digital terrestrial broadcasting.

Such activities have included operations on plant and systems and adaptation of site infrastructures to extend the areas covered by digital signal and improve reception and the quality of service provided to users.

The task of making the necessary investments is entrusted to the subsidiary company, Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution to income each year is accounted for on the basis of depreciation that would have been recognized had the investment been made by Rai, taking into account both the level of grants received and total sums incurred in support of the related projects.

## 5) Memorandum accounts

Memorandum accounts amount to Euro 361,058 thousand and are as presented in the schedule attached to the balance sheet.

### *Unsecured guarantees granted*

*Schedule 22*

(thousands of Euro)	12.31.2014	12.31.2013
Unsecured guarantees granted for sureties:		
In favour of subsidiaries		
- for Group VAT	34,907	42,923
- other	2,052	2,264
	36,959	45,187
In favour of associated companies	2,582	2,582
In favour of others	-	-
<b>Total</b>	<b>39,541</b>	<b>47,769</b>

### *Unsecured guarantees granted*

*follows Schedule 22*

(thousands of Euro)	12.31.2014	12.31.2013
Secured guarantees on behalf of others	-	-
Secured guarantees granted for own commitments other than payables		
Assets pledged as collateral:		
- fixed-income securities	2,271	2,271
<b>Total</b>	<b>2,271</b>	<b>2,271</b>

### *Purchase and sale commitments*

*Schedule 23*

(thousands of Euro)	12.31.2014	12.31.2013
Purchase commitments	-	-
Sales commitments	-	-
Derivative financial contracts on behalf of Rai Cinema:		
- forward exchange contracts	15,878	15,946
- option strategies on foreign exchange purchases (collars)	44,771	4,063
	60,649	20,009
<b>Total</b>	<b>60,649</b>	<b>20,009</b>

**Other memorandum accounts****Schedule 24**

(thousands of Euro)		12.31.2014	12.31.2013
<b>Secured guarantees received</b>			
Assets pledged as collateral: (a)	(a)		
- savings account passbooks		2	2
		<b>2</b>	<b>2</b>
<b>Unsecured guarantees received</b>			
Sureties:			
- Various banks and insurance companies to guarantee supplies of goods and services	(a)	69,717	74,335
- Various banks and insurance companies covering full performance of contracts for the production of radio/television programmes	(a)	49,508	57,876
- Various banks - guarantee for Sky Italia	(a)	-	54,676
- Banco di Brescia covering agreement with the City of Sanremo for filming the Italian Song Festival	(a)	6,200	7,100
- Banca Popolare di Sondrio - guarantee for Juventus F.C. contract	(a)	3,563	4,354
- Monte dei Paschi di Siena in relation to Valore Reale's offer to purchase Palazzo Labia	(a)	3,200	3,200
- Banca Popolare Sondrio in relation to the obligations assumed through renewal of the Foro Italcico Auditorium lease contract	(a)	285	285
- Intesa Sanpaolo - mediotactoring loan	(a)	244	244
- Sun Insurance Office Limited covering insurance-related advisory and assistance engagement granted to AON	(a)	224	224
- Banca di Credito di Trieste covering loan granted to Ponteco	(b)	220	220
- Intesa Sanpaolo - Wind	(a)	14	14
- Intesa Sanpaolo to guarantee advance granted to Michele Alberico	(a)	10	10
Other:			
- E.RAS. comfort letters issued on behalf of San Marino RTV for credit line granted by Rai	(a)	516	516
		<b>133,701</b>	<b>203,054</b>
<b>Leased assets received</b>		-	-
<b>Third party assets under development</b>		-	-
<b>Third party assets held under free loan for use, custody, leased or for similar reasons</b>		„	„
<b>Assets with third parties under development awaiting assignment</b>		<b>1,198</b>	<b>3,350</b>
<b>Third party assets held under free loan for use, custody, leased or for similar reasons</b>		<b>1,198</b>	<b>1,500</b>
<b>Guarantees granted by other parties for obligations of the company:</b>			
Against debt:			
- Various banks in favour of BEI to guarantee loan		57,500	57,500
		<b>57,500</b>	<b>57,500</b>
To cover other obligations:			
- Intesa Sanpaolo for guarantee granted to FIFA covering payment of sporting rights relating to the 2014 Worldcup		-	43,750
- Intesa Sanpaolo for guarantees granted to tax authorities covering competitions with prizes		22,641	23,673
- Various organisations for guarantee granted to UEFA for the European 2016 qualifiers		17,875	-
- Various organisations for guarantee granted to SKY for Olympics		9,516	9,438
- Various banks for guarantee of the lease for via Cavalli (Torino)		5,360	-
- Intesa Sanpaolo for guarantees granted to various companies for participation in tenders		27	27
- Other guarantees		1,810	1,110
		<b>57,229</b>	<b>77,998</b>
		<b>114,729</b>	<b>135,498</b>
<b>Other cases</b>			
- Amounts (held by banks) which are unavailable to the company as a result of seizure orders		109	461
- Amounts (held by Bancoposta) which are unavailable to the company as a result of seizure orders		193	185
- Restrictions on credit lines as a result of seizure orders		7,466	8,794
- Bank deposits at Unicredit and Intesa Sanpaolo in favour of third parties		2	2
		<b>7,770</b>	<b>9,442</b>
<b>Total</b>		<b>258,598</b>	<b>352,846</b>

(a) against obligations of others.

(b) against receivables.

## Notes to the financial statements

Schedule 25 provides details of financial derivative hedge contracts entered into in relation to specific company commitments (or commitments assumed on behalf of Rai Cinema SpA) and their related fair values. The fair value of these derivative financial instruments is based on 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 valuation techniques.

In line with Group policy, the overall value of hedge contracts entered into is reasonable in relation to the full extent of commitments subject to such risks.

At 31 December 2014, other than as shown in the memorandum accounts, there were no particularly significant purchase or sale commitments (beyond those entered into in the normal course of business) that would require specific disclosure to provide a better understanding of the Company's financial position.

**Fair value of derivatives****Schedule 25**

	Notional 12.31.2014 (thousands of USD)	Fair value at 12.31.2014 (thousands of Euro)
<b>Derivative financial instruments for hedges</b>		
- on exchange rates (1):		
. forward purchase contracts and swaps	600	51
. option strategies on currency purchases	46,995	3,078
. foreign exchange options		
	<b>47,595</b>	<b>3,129</b>
- on interest rates (2)	see note (3)	(2,008)
<b>Hedges on behalf of Rai Cinema</b>		
- on exchange rates (4):		
. forward purchase contracts and swaps	19,950	513
. option strategies on currency purchases	60,260	4,627
. foreign exchange options		
	<b>80,210</b>	<b>5,140</b>

(1) The transactions are carried out to hedge commercial agreements in USD, in line with Group policy.

(2) Irs transactions to hedge Rai medium-long term loans.

(3) Reference notional Euro 138,333 thousand.

(4) The operations are carried out on behalf of Rai Cinema in accordance with a specific mandate to hedge commercial agreements in USD, in line with Group policy.

## 6) Income statement

### Production value

Revenues from sales and services, amount to Euro 2,280,335 thousand (Euro 2,489,921 thousand at 31 December 2013) and include revenues for the year relating mainly to licence fees and advertising. Schedule 26 provides a breakdown by major component. In terms of geographic distribution, almost all revenues are generated in Italy.

### Revenues from sales and services

Schedule 26

(thousands of Euro)	Year 2014	Year 2013
Revenues from sales	255	806
Revenues from services:		
- Licence fees:		
. private subscriptions	1,492,517	1,662,725
. special subscriptions	76,080	74,423
	<b>1,568,597</b>	<b>1,737,148</b>
- General-interest TV advertising		
. commercials	410,572	444,935
. TV promotions	8,001	14,257
- sponsorship and special initiatives	88,287	47,834
. product placement	3,468	1,915
	510,328	508,941
- Specialist channel TV advertising	60,107	60,276
- Radio advertising:		
. commercials	20,545	21,813
. radio promotions	528	607
. sponsorships	2,886	3,651
	23,959	26,071
- Web advertising	2,531	-
- Other advertising	729	2,305
	<b>597,654</b>	<b>597,593</b>
- Special services under agreements	47,994	49,986
- Other services:		
. sale of transmission rights, programme distribution and musical publications	50,516	84,789
. agreements with telephone companies	2,149	2,545
. production services	527	3,227
. television broadcasting services through digital terrestrial techniques	3,412	3,900
. teletext services	96	200
. Miscellaneous	9,135	9,727
	<b>65,835</b>	<b>104,388</b>
	<b>2,280,080</b>	<b>2,489,115</b>
<b>Total</b>	<b>2,280,335</b>	<b>2,489,921</b>

With regard to licence fee revenues, it is noted that the "separate accounting", mechanism (which is employed, as required by the Consolidated Broadcasting Law, to determine the annual per-unit licence fee and thereby ensure alignment between licence fee revenues and the independently audited costs sustained by

Rai in carrying out its public service remit) has shown an under provision of licence fee revenues amounting to over Euro 2.3 billion for the period 2005-2013. In 2011, Rai issued warnings to such effect and demanded payment of all sums owing as determined by the "separate accounting" mechanism, plus interest.

"Separate accounting" figures for 2014 will be available, as required, 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 negative amount of Euro 39 thousand (decrease of Euro 201 thousand at 31 December 2013) reflects the reduction in the value of inventories used in commercial activities.

**Internal cost capitalisations.** Internal cost capitalisations amount to Euro 13,857 thousand (Euro 14,253 thousand at 31 December 2013) and represent internal costs incurred in relation to fixed assets which have been capitalised together with the specific assets. Further details are provided in Schedule 27.

### *Internal cost capitalisations*

*Schedule 27*

(thousands of Euro)	<b>Year 2014</b>	Year 2013
Intangible assets	7,697	7,860
Tangible assets	6,160	6,393
<b>Total</b>	<b>13,857</b>	<b>14,253</b>

**Other production-related income:** other production-related income totals Euro 101,593 thousand (Euro 121,649 thousand at 31 December 2013), as detailed in Schedule 28.

### *Other production-related income*

*Schedule 28*

(thousands of Euro)	<b>Year 2014</b>	Year 2013
Operating grants	8,461	8,148
Gains on disposals	-	1
Other		
Recovery and reimbursement of expenses	15,043	17,902
Out-of-period gains from licence fees	22,039	18,421
Other out-of-period gains	13,697	29,362
Provisions released	12,871	20,469
Income from real estate investments	228	227
Other income from equity investments:		
- Rai Way service contract	14,726	16,184
- Rai Cinema service contract	6,484	6,471
- Rai Com (ex RaiNet) service contract	4,676	1,321
- Rai Pubblicità service contract	1,004	97
- other	1,514	2,239
Miscellaneous	850	807
	93,132	113,500
<b>Total</b>	<b>101,593</b>	<b>121,649</b>



## Production costs

Production costs include costs and losses relating to ordinary activities, excluding financial operations. Such costs do not include those relating to fixed tangible and intangible assets, which have been capitalised together with the specific assets.

**Raw materials, supplies, consumables and merchandise:** costs for raw materials, supplies, consumables and merchandise amount to Euro 15,994 thousand (Euro 19,179 thousand at 31 December 2013) and include 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.

### *Production costs raw materials, supplies, consumables and merchandise*

*Schedule 29*

(thousands of Euro)	Year 2014	Year 2013
Technical materials for inventory	1,885	2,938
Miscellaneous production materials	3,384	3,258
Miscellaneous non-production materials	8,424	10,423
Other materials	2,304	2,565
Discounts, allowances and premiums on purchases of goods	(3)	(5)
<b>Total</b>	<b>15,994</b>	<b>19,179</b>

**Services:** costs for services amount to Euro 695,193 thousand (Euro 719,933 thousand at 31 December 2013) and comprise costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 30.

### *Production cost for services*

*Schedule 30*

(thousands of Euro)	Year 2014	Year 2013
Signal broadcasting and transport under service contract and other Rai Way costs	187,753	182,060
Freelance services	121,538	122,904
Services for acquisition and production of programmes	128,052	137,815
Ancillary services for the acquisition and production of programmes	41,112	44,227
Allowances, travel expenses and transfer of personnel	23,165	22,710
Ancillary personnel service costs	11,481	11,590
Transportation and similar costs	17,779	18,549
Maintenance and repairs	17,528	18,496
Documentation and information services	41,724	41,608
Insurance and accident prevention	17,742	16,643
Advertising and promotion	8,692	8,131
General services	31,173	41,961
Supply services	26,849	26,353
Third-party shares of sales figure	4,147	6,195
Expenses for the promotion and distribution of our products	343	415
Services under Rai Com (ex RaiNet) contract	3,559	7,012
Other	12,556	13,264
<b>Total</b>	<b>695,193</b>	<b>719,933</b>

## Notes to the financial statements

They include, inter alia, emoluments, compensation and expense reimbursements paid to Directors amounting to Euro 1,228 thousand and to Statutory Auditors amounting to Euro 240 thousand. These also comprise costs related to Directors and Statutory Auditors of Rai World, merged by incorporation during the year, amounting to Euro 48 thousand and Euro 70 thousand respectively. This item also includes fees for the external audit amounting to Euro 154 thousand, fees for audit of the half-year accounts amounting to Euro 24 thousand and fees for other services provided by the external audit firm amounting to Euro 17 thousand.

**Use of third-party assets:** costs for Use of third-party assets amount to Euro 685,063 thousand (Euro 615,815 thousand at 31 December 2013), and include costs for rents, leases, usage rights and filming rights, as detailed in Schedule 31.

### **Production costs for use of third party assets**

Schedule 31

(thousands of Euro)	Year 2014	Year 2013
Rent and hire costs	48,238	51,081
Filming rights	216,356	145,201
Usage rights	91,807	97,671
Acquisition of viewing rights from Rai Cinema	314,833	313,533
Acquisition of rights to classical music and theatre from Rai Com	3,705	-
Other rights	10,124	8,329
<b>Total</b>	<b>685,063</b>	<b>615,815</b>

**Personnel:** personnel costs amount to Euro 904,963 thousand (Euro 905,753 thousand at 31 December 2013), and may be analysed as set out in the income statement. The average number of employees in 2014 was 11,635, including employees on fixed-term contracts (11,703 at 31 December 2013) distributed as shown in Schedule 32.

### **Average number of employees**

Schedule 32

	Year 2014			Year 2013		
	Staff on permanent contracts (average) <sup>(1)</sup>	Staff on fixed-term contracts (average)	Total	Staff on permanent contracts (average) <sup>(1)</sup>	Staff on fixed-term contracts (average)	Total
- Managers	263	-	263	261	-	261
- Middle managers	1,070	1	1,071	1,055	1	1,056
- Journalists	1,588	294	1,882	1,639	262	1,901
- Office staff, production employees, camera staff, film director's staff, technicians	6,629	648	7,277	6,377	931	7,308
- Blue collar workers	899	112	1,011	885	158	1,043
- Orchestra members and other artistic staff	114	6	120	115	8	123
- Medical staff	11	-	11	11	-	11
<b>Total</b>	<b>10,574</b>	<b>1,061</b>	<b>11,635</b>	<b>10,343</b>	<b>1,360</b>	<b>11,703</b>

(1) of which apprenticeships.

52

6

**Amortisation, depreciation and write-downs:** costs relating to amortisation, depreciation and write-downs amount to Euro 250,594 thousand (Euro 307,456 thousand at 31 December 2013), of which Euro 165,169 thousand relates to amortisation of intangible assets (Euro 222,375 thousand at 31 December 2013), Euro 61,434 thousand relates to depreciation of tangible assets (Euro 58,160 thousand at 31 December 2013), Euro 26,811 thousand relates to other write-downs (Euro 22,512 thousand at 31 December 2013) and Euro 1,479 thousand (Euro 551 thousand at 31 December 2013) relates to the write-down of receivables. In particular, amortisation of intangible assets relates mainly to amortisation of industrial patents and intellectual property rights amounting to Euro 157,740 thousand (Euro 215,453 thousand at 31 December 2013) while Schedules 33 and 34 provide details of depreciation of tangible assets and other write-downs in relation to non-current assets. The item also includes a write-down in the value of programmes amounting to Euro 20,789 thousand, to recognise the risk that certain programmes may not be transmitted or re-broadcast and the risk of loss of opportunity for the commercial exploitation of certain rights. It is noted that, following the introduction of new calculation procedures, commencing in 2014 amortisation of intangible assets (programmes) is calculated from the month in which such assets are available for use.

### *Depreciation of tangible assets*

*Schedule 33*

(thousands of Euro)	Year 2014	Year 2013
Land and buildings	12,989	13,359
Plant and machinery	41,821	37,817
Industrial and commercial equipment	1,371	1,640
Other assets	5,253	5,344
<b>Total</b>	<b>61,434</b>	<b>58,160</b>

### *Other writedowns of non-current assets*

*Schedule 34*

(thousands of Euro)	Year 2014	Year 2013
Programmes being amortised	20,789	21,823
Intangible assets under development	1,723	4,547
<b>Total</b>	<b>22,512</b>	<b>26,370</b>

**Changes in inventories of raw materials, supplies, consumables and merchandise:** costs relating to changes in inventories amount to Euro 186 thousand (Euro 64 thousand at 31 December 2013) and represent the decrease in net inventories at 31 December 2014 with respect to the previous year.

**Provisions for risks:** provisions for risks amount to Euro 13,834 thousand (Euro 13,095 thousand at 31 December 2013). They represent additional allocations to provisions for risks and the most significant items are detailed in Schedule 16.

**Other provisions:** other provisions amount to Euro 26,846 thousand (Euro 554 thousand at 31 December 2013) and the most significant items are detailed in Schedule 16.

**Other operating costs:** other operating costs amount to Euro 60,243 thousand (Euro 82,362 thousand at 31 December 2013). They are split as reported in the income statement and further details are provided in Schedule 35.

### Other operating costs

Schedule 35

(thousands of Euro)	Year 2014	Year 2013
<b>Capital losses:</b>		
Non-current tangible assets:		
- land and buildings	2	47
- plant and machinery	38	79
- industrial and sales equipment	8	9
- other assets	63	63
- under construction	173	50
Non-current intangible assets:		
- under development	73	-
	<b>357</b>	<b>248</b>
<b>Concession fee</b>	-	<b>26,298</b>
<b>Other costs:</b>		
- gifts, prize contests and entertainment expenses	13,348	13,401
- association dues	2,881	2,900
- IMU/TASI (municipal property tax)	8,558	8,041
- other indirect taxes and contributions	8,448	8,804
- contributions to the Supervisory Authorities	3,801	5,504
- payment of uninsured damages, fines and penalties	727	588
- newspapers, books, periodicals, specific documentation and publications	1,731	1,973
- prior-year charges and reversal of non-existent assets	9,359	8,003
- provision for pension fund - former employees	8,985	4,883
- other	2,048	1,719
	<b>59,886</b>	<b>55,816</b>
<b>Total</b>	<b>60,243</b>	<b>82,362</b>

### Financial income and expenses

**Other financial income:** other financial income amounts to Euro 6,751 thousand (Euro 6,633 thousand at 31 December 2013) and includes the following:

- from *non-current securities other than equity investments*: Euro 85 thousand relating to accrued interest;
- from *non-current receivables*: Euro 10 thousand relating to interest income on guarantee deposits;
- *financial income other than the above*: Euro 6,656 thousand relating mainly to interest on current receivables as shown directly in the income statement and detailed further in Schedule 36.

### *Other financial income on current receivables other than above*

*Schedule 36*

(thousands of Euro)	Year 2014	Year 2013
Interest and commissions receivable from subsidiaries	4,629	5,570
Interest and commissions from associated companies	2	..
Interest and commissions receivable from others and miscellaneous income:		
- interest from banks, post office current accounts and other financial institutions	260	415
- interest charged for late payment on customer receivables	408	-
- interest from others	1,357	550
	2,025	965
<b>Total</b>	<b>6,656</b>	<b>6,535</b>

**Interest and other financial expenses:** interest and other financial expenses amounts to Euro 19,720 thousand (Euro 15,560 thousand at 31 December 2013) and includes interest charges, costs for commission on financial services and other costs as shown directly in the income statement and detailed further in Schedule 37.

### *Interests and other financial expenses*

*Schedule 37*

(thousands of Euro)	Year 2014	Year 2013
Interest and commissions payable to subsidiaries	480	767
Interest and commissions payable to associated companies	1	7
Interest and commissions payable to others and miscellaneous charges:		
- interest and commissions payable to banks and other financial institutions	15,402	10,362
- interest expense and charges on interest rate hedges	2,756	4,070
- interest and commissions on factoring	989	235
- interest on amounts payable to suppliers	25	152
- accrual to risks provision for interest expense	11	27
- other interest expense and miscellaneous charges	56	40
	19,239	14,886
<b>Total</b>	<b>19,720</b>	<b>15,660</b>

**Foreign exchange gains and losses:** foreign exchange losses amount to Euro 271 thousand (Euro 504 thousand at 31 December 2013). As shown in Schedule 38, this item comprises both forex costs and premiums on foreign currency hedge transactions as well as the effect of translating the value of foreign currency denominated payables and receivables at year-end exchange rates, or at the rate in force at the time of the hedge in the case of exchange risk hedges.

### *Foreign exchange gains and losses*

*Schedule 38*

(thousands of Euro)	Year 2014	Year 2013
Foreign exchange gains (losses) from valuation	273	(413)
Other foreign exchange gains (losses)	(544)	(91)
<b>Total</b>	<b>(271)</b>	<b>(504)</b>

## Value adjustments to financial assets

**Revaluations:** revaluations of financial assets amount to Euro 82,840 thousand (Euro 62,166 thousand at 31 December 2013) and relate to increases in the equity value of investments in non-consolidated subsidiaries and associated companies, reflecting profits earned during the year. (Schedule 3 provides details by company).

**Write-downs:** write-downs of financial assets amount to Euro 2,254 thousand (Euro 222 thousand at 31 December 2013) and relate to reductions in the equity value of investments in subsidiaries, reflecting losses incurred during the year.

## Exceptional income and expense

Exceptional income amounting to Euro 236,609 thousand (Euro 439 thousand at 31 December 2013) and exceptional expense totalling Euro 13,554 thousand (Euro 9,308 thousand at 31 December 2013), are analysed in detail in Schedule 39.

### *Exceptional income*

*Schedule 39*

(thousands of Euro)	Year 2014	Year 2013
Surplus on sale of share in Rai Way	236,297	-
Lower taxes for previous years	312	439
<b>Total</b>	<b>236,609</b>	<b>439</b>

### *Exceptional expense*

*follows Schedule 39*

(thousands of Euro)	Year 2014	Year 2013
Rai Way shares placement cost	8,071	-
Cost of voluntary redundancy incentives	5,114	9,297
Prior years' indirect taxes	359	11
<b>Total</b>	<b>13,544</b>	<b>9,308</b>

This item includes the effects of the sale of 34.93% of the shares in Rai Way through public offer for sale, which generated a capital gain of Euro 236,297 thousand and placement costs of Euro 8,071 thousand.

### Current income taxes for the year, and deferred tax assets and liabilities

The total tax charge for the year of Euro 15,227 thousand is as follows::

(thousands of Euro)	Current	Deferred tax liabilities	Deferred tax assets	Total
IRES	-	(6)	37,805	37,799
IRAP	(19,800)	-	(3,378)	(23,178)
	<b>(19,800)</b>	<b>(6)</b>	<b>34,427</b>	<b>14,621</b>

The following table shows the origin of deferred tax items and their effects during the year.

(thousands of Euro)	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.86% (average)	Total
<b>Deferred tax assets</b>					
<b>Changes in the year:</b>					
- Adjustment of prior year taxable loss	358	98	==	==	98
- Taxable loss	118,669	32,634	==	==	32,634
- Write-down of programmes	13,343	3,669	(32,736)	(1,596)	2,073
- Statutory/fiscal difference on amortisation of programmes	5,106	1,404	==	==	1,404
- Other timing differences	0	0	(36,562)	(1,782)	(1,782)
<b>Totale</b>	<b>137,476</b>	<b>37,805</b>	<b>(69,298)</b>	<b>(3,378)</b>	<b>34,427</b>

(thousands of Euro)	Amount of IRES timing differences	IRES 27.5%	Total
<b>Deferred tax liabilities</b>			
<b>Changes in the year:</b>			
- Tax assessment 1975			(224)
- Tax charge for long-term loan	(127)	(35)	(35)
- Accelerated depreciation for tax purposes non-current tangible assets	1,194	328	328
<b>Totale</b>	<b>794</b>	<b>218</b>	<b>(6)</b>

## Notes to the financial statements

The following table provides a reconciliation between the result for the year per the financial statements and the taxable amounts for IRES and IRAP purposes (based on estimated figures).

(thousands of Euro)	IRES 27.5%	(thousands of Euro)	IRAP 4.86%
<b>Profit before taxes</b>	<b>33,243</b>	<b>Production value</b>	<b>2,395,746</b>
Reversal of depreciation on tangible assets from EC framework	1,193	Raw materials, supplies, consumables and merchandise	(15,994)
Non-deductible portion of IMU	6,846	Service costs	(695,193)
Non-deductible vehicle costs	6,500	Cost of use of third-party assets	(685,063)
Non-deductible portion of telephone expenses	1,220	Amortisation of intangible assets	(165,169)
Non-deductible portions of depreciation on tangible assets	1,732	Depreciation of tangible assets	(61,434)
Write-down on programmes – non-deductible	13,343	Changes in inventories of raw materials, supplies, consumables and merchandise	(186)
Non-deductible portions of amortisation on programmes	6,845	Other operating costs	(60,243)
Non-deductible increases in provisions	68,347	Costs regarded as employee costs	10,165
5% dividends collected	1,901	Provision for pension fund of former employees	8,985
Other changes - increases	8,964	IMU/TASI	8,558
Utilisation and transfers from provisions	(46,735)	Other changes - increases	1,587
Deductible portion of IRAP on personnel costs for the year	(19,737)	Prior years' personnel costs	(1,223)
Revaluation of investments	(82,834)	Income from staff secondment and reimbursement of emoluments	(3,765)
Deductible portions of depreciation on tangible assets	(971)	Recovery of write-downs on programmes	(24,057)
Non-taxable capital gain on RAI WAY sale	(223,511)	Utilisation/release of taxed provisions	(22,479)
Other changes - decreases	(3,903)	Deductible portions of depreciation on tangible assets	(971)
<b>Tax loss for the year</b>	<b>(227,557)</b>	Tax wedge	(281,857)
		Other changes – decreases	-
Losses brought-forward	(290,039)	<b>Taxable amount</b>	<b>407,407</b>

On the taxable amount for IRAP, current taxes of Euro 19,800 thousand have been calculated.

## 7) Result for the year

Profit for the year is Euro 47,863,863.64.

## 8) Other information

With regard to transactions with related parties, it is noted that there were no significant transactions during the year other than under normal market conditions. With regard to disclosure on relations with Group companies, see the Report on Operations.

For details of significant subsequent events and the nature of the Group's activity, see the Report on Operations.



**Balance Sheet - Assets****Schedule 40**

(thousands of Euro)	Rai SpA at 12.31.2013	Rai World at 1.1.2014	Eliminations/ Riclassifications	Rai + Rai World	Rai World balances identifiables in Rai at 12.31.2014(*)
A) SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-
B) NON-CURRENT ASSETS					
I. INTANGIBLE ASSETS					
3.- Industrial patents and intellectual property rights	171,814	-	-	171,814	-
4.- Concessions, licences, trademarks and similar rights	7,906	11	-	7,917	10
6.- Intangible assets under development and payments on account	206,762	-	-	206,762	-
7.- Others	10,608	-	-	10,608	-
<b>TOTAL INTANGIBLE ASSETS</b>	<b>397,090</b>	<b>11</b>	<b>-</b>	<b>397,101</b>	<b>10</b>
II. TANGIBLE ASSETS					
1.- Land and buildings	163,656	-	-	163,656	-
2.- Systems and machinery	112,074	-	-	112,074	-
3.- Industrial and commercial equipment	3,704	-	-	3,704	-
4.- Other assets	26,379	9	-	26,388	2
5.- Tangible assets under construction and payments on account	59,983	-	-	59,983	-
<b>TOTAL TANGIBLE ASSETS</b>	<b>365,796</b>	<b>9</b>	<b>-</b>	<b>365,805</b>	<b>2</b>
III. FINANCIAL ASSETS					
1.- Equity investments in					
a) subsidiaries	459,466	-	(7,609)	451,857	-
b) associated companies	10,186	-	-	10,186	-
d) other companies	752	-	-	752	-
	470,404	-	(7,609)	462,795	-
2.- Receivables					
a) subsidiaries	-	-	-	-	-
d) other					
due within 12 months	184	-	-	184	-
due after 12 months	1,750	-	-	1,750	-
	1,934	-	-	1,934	-
3.- Other securities	2,385	-	-	2,385	-
<b>TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>474,723</b>	<b>-</b>	<b>(7,609)</b>	<b>467,114</b>	<b>-</b>
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,237,609</b>	<b>20</b>	<b>(7,609)</b>	<b>1,230,020</b>	<b>12</b>

follows

## Notes to the financial statements

(thousands of Euro)	Rai SpA at 12.31.2013	Rai World at 1.1.2014	Eliminations/ Riclassifications	Rai + Rai World	Rai World balances identifiables in Rai at 12.31.2014(*)
<b>C) CURRENT ASSETS</b>					
<b>I. INVENTORIES</b>					
1.- Raw materials, supplies, consumables and merchandise	547	-	-	547	-
4.- Finished products and merchandise	841	-	-	841	-
<b>TOTAL INVENTORIES</b>	<b>1,388</b>	<b>-</b>	<b>-</b>	<b>1,388</b>	<b>-</b>
<b>II. RECEIVABLES</b>					
1.- customers					
due within 12 months	236,963	-	-	236,963	-
due after 12 months	2,831	-	-	2,831	-
2.- subsidiaries					
associated companies	454,705	-	(6,204)	448,501	-
3.- associated companies					
Parent Company	335	-	-	335	-
4. Parent Company					
-	-	15,481	(15,481)	-	-
4.bis - tax receivables					
due within 12 months	42,716	-	-	42,716	-
due after 12 months	16,824	-	-	16,824	-
4.ter - deferred tax assets					
-	36,492	-	-	36,492	-
5.- other					
due within 12 months	98,111	422	-	98,533	-
due after 12 months	37,050	-	-	37,050	-
<b>TOTAL RECEIVABLES</b>	<b>926,027</b>	<b>15,903</b>	<b>(21,685)</b>	<b>920,245</b>	<b>-</b>
<b>III. CURRENT FINANCIAL ASSETS</b>					
<b>IV. CASH AND CASH EQUIVALENTS</b>					
1.- Bank and post office deposits	6,467	-	-	6,467	-
2.- Cheques	50	-	-	50	-
3.- Cash and cash equivalents on hand	373	-	-	373	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>6,890</b>	<b>-</b>	<b>-</b>	<b>6,890</b>	<b>-</b>
<b>TOTAL CURRENT ASSETS</b>	<b>934,305</b>	<b>15,903</b>	<b>(21,685)</b>	<b>928,523</b>	<b>-</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	26,392	1	-	26,393	-
<b>TOTAL ASSETS</b>	<b>2,198,306</b>	<b>15,924</b>	<b>(29,294)</b>	<b>2,184,936</b>	<b>12</b>

(\*) balances transferred from Rai World which can be identified without significant difficulty in Rai's financial statements.

**Balance Sheet - Liabilities****Schedule 40**

(thousands of Euro)	Rai SpA at 12.31.2013	Rai World at 1.1.2014	Eliminations/ Riclassifications	Rai + Rai World	Rai World balances identifiables in Rai at 12.31.2014(*)
<b>A) SHAREHOLDERS' EQUITY</b>					
I. SHARE CAPITAL	242,518	1,300	(1,300)	242,518	-
IV. LEGAL RESERVE	8,944	133	(133)	8,944	-
VII. OTHER RESERVES	42,686	1,736	(1,736)	42,686	-
VIII. PROFIT (LOSS) BROUGHT FORWARD	-	2,523	(2,523)	-	-
IX. PROFIT (LOSS) FOR THE YEAR	4,317	1,917	(1,917)	4,317	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>298,465</b>	<b>7,609</b>	<b>(7,609)</b>	<b>298,465</b>	<b>-</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>					
1.- for pension and similar liabilities	144,102	-	-	144,102	-
2.- for taxes (also deferred taxes)	2,109	-	-	2,109	-
3.- other	194,223	1,362	-	195,585	-
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>340,434</b>	<b>1,362</b>	<b>-</b>	<b>341,796</b>	<b>-</b>
<b>C) PROVISION FOR STAFF SEVERANCE PAY</b>	<b>257,789</b>	<b>34</b>	<b>-</b>	<b>257,823</b>	<b>34</b>
<b>D) PAYABLES</b>					
4.- Due to banks					
due within 12 months	245,489	-	-	245,489	-
due after 12 months	197,500	-	-	197,500	-
6.- Advances	2,734	-	-	2,734	-
7.- Suppliers	486,299	543	-	486,842	114
9.- Subsidiaries					
due within 12 months	143,191	-	(15,454)	127,737	-
due after 12 months	4,050	-	(21)	4,029	-
10.- Associated companies	4,102	-	-	4,102	-
11.- Parent Company	-	6,204	(6,204)	-	-
12.- Tax payables	62,187	117	-	62,304	-
13.- Welfare and social security institutions	52,176	17	-	52,193	-
14.- Other payables	74,446	38	(6)	74,478	-
<b>TOTAL PAYABLES</b>	<b>1,272,174</b>	<b>6,919</b>	<b>(21,685)</b>	<b>1,257,408</b>	<b>114</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>29,444</b>	<b>-</b>	<b>-</b>	<b>29,444</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,198,306</b>	<b>15,924</b>	<b>(29,294)</b>	<b>2,184,936</b>	<b>148</b>

(\*) balances transferred from Rai World which can be identified without significant difficulty in Rai's financial statements.

Notes to the financial statements

**Memorandum accounts****Schedule 40**

(thousands of Euro)	Rai SpA at 12.31.2013	Rai World at 1.1.2014	Eliminations/ Riclassifications	Rai + Rai World	Rai World balances identifiables in Rai at 12.31.2014(*)
1.- Unsecured guarantees granted					
a) Sureties:					
- for subsidiaries	45,187	-	-	45,187	-
- for associated companies	2,582	-	-	2,582	-
	47,769	-	-	47,769	-
<b>Total unsecured guarantees granted</b>	<b>47,769</b>	-	-	<b>47,769</b>	-
2.- Secured guarantees granted					
b) for own commitments other than payables	2,271	-	-	2,271	-
<b>Total secured guarantees granted</b>	<b>2,271</b>	-	-	<b>2,271</b>	-
3.- Purchase and sale commitments	20,009	-	-	20,009	-
4.- Other	352,846	-	-	352,846	-
	<b>422,895</b>	-	-	<b>422,895</b>	-

(\*) balances transferred from Rai World which can be identified without significant difficulty in Rai's financial statements.

**Income Statements****Schedule 41**

(thousands of Euro)	Rai SpA 12.31.2013	Rai World SpA 12.31.2013	Eliminations 12.31.2013	Total proforma
<b>A) PRODUCTION VALUE</b>				
1.- Revenues from sales and services	2,489,921	10,024	(11,582)	2,488,363
2.- Changes in inventories of work in progress, semifinished and finished goods	(201)	-	-	(201)
4.- Internal cost capitalisations	14,253	-	-	14,253
5.- Other production-related income				
a) operating grants	8,148	-	-	8,148
b) gains on disposal of assets	1	-	-	1
c) other	113,500	54	(4,241)	109,313
	121,649	54	(4,241)	117,462
<b>TOTAL PRODUCTION VALUE</b>	<b>2,625,622</b>	<b>10,078</b>	<b>(15,823)</b>	<b>2,619,877</b>
<b>B) PRODUCTION COSTS</b>				
6.- Raw materials, supplies, consumables and merchandise	(19,180)	(14)	12	(19,182)
7.- Services	(719,933)	(6,862)	15,601	(711,194)
8.- Use of third-party assets	(615,815)	(63)	63	(615,815)
9.- Personnel				
a) wages and salaries	(648,896)	(130)	-	(649,026)
b) social security contributions	(183,438)	(39)	-	(183,477)
c) staff severance pay	(44,097)	(10)	-	(44,107)
d) pension and similar costs	(12,340)	-	-	(12,340)
e) other costs	(16,982)	(3)	3	(16,982)
	(905,753)	(182)	3	(905,932)
10.- Amortisation, depreciation and writedowns				
a) amortisation of intangible assets	(222,375)	(1)	-	(222,376)
b) depreciation of tangible assets	(58,160)	(9)	-	(58,169)
c) other non-current asset writedowns	(26,370)	-	-	(26,370)
d) writedown of current receivables and cash and cash equivalents	-	-	-	-
	(306,905)	(10)	-	(306,915)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(64)	-	-	(64)
12.- Provisions for risks	(13,095)	-	-	(13,095)
13.- Other provisions	(554)	-	-	(554)
14.- Other operating costs				
a) capital losses on disposal of assets	(248)	-	-	(248)
b) concession fee	(26,297)	-	-	(26,297)
c) other	(55,817)	(127)	27	(55,917)
	(82,362)	(127)	27	(82,462)
<b>TOTAL PRODUCTION COSTS</b>	<b>(2,663,661)</b>	<b>(7,258)</b>	<b>15,706</b>	<b>(2,655,213)</b>
<b>Difference between production value and costs</b>	<b>(38,039)</b>	<b>2,820</b>	<b>(117)</b>	<b>(35,336)</b>

follows

## Notes to the financial statements

**Income Statement****Schedule 41**

(thousands of Euro)	Rai SpA 12.31.2013	Rai World SpA 12.31.2013	Eliminations 12.31.2013	Total proforma
<b>C) FINANCIAL INCOME AND EXPENSES</b>				
15.- Income from equity investments				
a) from subsidiaries	-	-	-	-
b) from associated companies	-	-	-	-
c) from other companies	-	-	-	-
16.- Other financial income				
a) from non-current receivables				
. other	23	-	-	23
b) from non-current securities other than equity investments	23	-	-	23
d) financial income other than the above				
. interest and commissions from subsidiaries	5,570	-	-	5,570
. interest and commissions from associated companies	-	84	(84)	-
. interest and commissions from others and miscellaneous income	965	-	-	965
	6,535	84	(84)	6,535
	6,633	84	(84)	6,633
17.- Interest and other financial expenses				
a) interest and commissions payable to subsidiaries	(767)	-	84	(683)
b) interest and commissions payable to associated companies	(7)	-	-	(7)
c) interest and commissions payable to parent companies	-	-	-	-
d) interest and commissions payable to others and miscellaneous charges	(14,886)	-	-	(14,886)
	(15,660)	-	84	(15,576)
17 bis.- Foreign exchange gains and losses - net	(504)	1	-	(503)
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(9,531)</b>	<b>85</b>	<b>-</b>	<b>(9,446)</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>				
18.- Revaluations				
a) of equity investments	62,166	-	(1,917)	60,249
b) of financial assets other than equity investments	-	-	-	-
	62,166	-	(1,917)	60,249
19.- Writedowns				
a) of equity investments	(222)	-	-	(222)
b) of financial assets other than equity investments	(551)	-	-	(551)
	(773)	-	-	(773)
<b>TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>61,393</b>	<b>-</b>	<b>(1,917)</b>	<b>59,476</b>
<b>E) EXCEPTIONAL INCOME AND EXPENSE</b>				
20.- Exceptional income				
e) income relating to prior years	439	17	-	456
	439	17	-	456
21.- Exceptional expense				
a) costs and capital losses relating to operations with significant effects on the structure of the company	(9,297)	-	-	(9,297)
g) prior years' taxes	(11)	-	-	(11)
	(9,308)	-	-	(9,308)
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>(8,869)</b>	<b>17</b>	<b>-</b>	<b>(8,852)</b>
Result before taxes	4,954	2,922	(2,034)	5,842
22.- Current income taxes for the year, and deferred tax assets and liabilities	(637)	(1,005)	-	(1,642)
<b>23.- Profit (loss) for the year</b>	<b>4,317</b>	<b>1,917</b>	<b>(2,034)</b>	<b>4,200</b>

## Supplementary schedules

Supplementary schedules

**Balance Sheet reclassified in vertical form**

(thousands of Euro)		<b>12.31.2014</b>	12.31.2013
A.- NON-CURRENT ASSETS			
Intangible assets		399,157	397,091
Tangible assets		373,741	365,796
Financial assets		541,927	474,723
		<b>1,314,825</b>	<b>1,237,610</b>
B.- WORKING CAPITAL			
Inventories		361	1,388
Trade receivables		374,785	556,109
Other assets		287,830	256,673
Trade payables		(588,744)	(562,065)
Other liabilities		(210,247)	(218,408)
		<b>(136,015)</b>	<b>33,697</b>
C.- PROVISIONS FOR RISKS AND CHARGES		<b>(357,712)</b>	<b>(340,434)</b>
D.- WORKING CAPITAL	(B+C)	<b>(493,727)</b>	<b>(306,737)</b>
E.- PROVISION FOR STAFF SEVERANCE PAY		<b>(249,804)</b>	<b>(257,789)</b>
F.- INVESTED CAPITAL	(A+D+E)	<b>571,294</b>	<b>673,084</b>
financed by:			
G.- EQUITY			
Share capital paid up		242,518	242,518
Reserves and results brought forward		55,947	51,630
Profit (loss) for the year		47,864	4,317
		<b>346,329</b>	<b>298,465</b>
H.- MID-TERM/LONG-TERM FINANCIAL DEBT		<b>345,000</b>	<b>295,833</b>
I.- NET SHORT-TERM DEBT (NET AVAILABLE FUNDS)			
. short-term financial debt		75,653	225,312
. short-term financial receivables		(81,887)	(139,636)
		<b>(6,234)</b>	<b>85,676</b>
L.- CASH AND CASH EQUIVALENTS		<b>(113,801)</b>	<b>(6,890)</b>
M.- TOTAL NET FINANCIAL DEBT	(H+I+L)	<b>224,965</b>	<b>374,619</b>
N.- TOTAL, AS IN F	(G+M)	<b>571,294</b>	<b>673,084</b>



***Income Statement reclassified in vertical form***

(thousands of Euro)	<b>12.31.2014</b>	12.31.2013
A.- REVENUES	2,355,360	2,561,737
Change in inventories of work in progress, semifinished and finished goods	(39)	(201)
Internal cost capitalisations	13,857	14,253
B.- 'TYPICAL' PRODUCTION VALUE	2,369,178	2,575,789
Cost of materials and external services	(1,449,023)	(1,436,692)
C.- VALUE ADDED	920,155	1,139,097
Personnel costs	(904,963)	(905,753)
D.- GROSS OPERATING MARGIN	15,192	233,344
Amortisation of programmes	(142,621)	(198,948)
Other amortisation/depreciation	(73,001)	(69,227)
Other value adjustments	(23,991)	(26,920)
Provisions for risks and charges	(40,616)	(13,537)
Miscellaneous income and charges - net	7,867	36,699
E.- OPERATING RESULT	(257,170)	(38,589)
Financial income and expense	(13,239)	(9,532)
Income from equity investments	80,586	61,944
F.- RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	(189,823)	13,823
Exceptional income and expense - net	223,066	(8,870)
G.- RESULT BEFORE TAXES	33,243	4,953
Income taxes for the year	14,621	(636)
H.- NET PROFIT (LOSS) FOR THE YEAR	47,864	4,317

Supplementary schedules

**Cash Flow Statement**

(thousands of Euro)	12.31.2014	12.31.2013
<b>A.- CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) for the year	47,864	4,317
Income taxes	(14,621)	636
(*) Interest expense/(income)	12,730	6,523
(Dividends)	0	0
(Gains) losses on disposal of non-current assets	(235,940)	247
<b>1. Profit (loss) for the year before income taxes, interest dividends and gains/losses on disposals</b>	<b>(189,967)</b>	<b>11,723</b>
Adjustments for non-monetary items with no effect on net working capital		
Provisions	107,893	78,684
Amortisation and depreciation	215,622	268,175
(Revaluations) writedowns of non-current assets	(58,023)	(35,541)
Other non-monetary adjustments	(12,871)	(19,702)
<b>2. Cash flow before movements in net working capital</b>	<b>252,621</b>	<b>291,616</b>
Movements in net working capital		
Decrease/(increase) in inventories	225	265
Decrease/(increase) in trade receivables	60,267	(20,733)
Increase/(decrease) in trade payables	47,898	(50,166)
Decrease/(increase) in accrued income and prepaid expenses	(2,149)	(5,694)
Increase/(decrease) in accrued expenses and deferred income	(9,041)	(7,836)
Other movements in net working capital	7,085	12,326
<b>3. Cash flow after movements in net working capital</b>	<b>104,285</b>	<b>(71,838)</b>
Other adjustments		
(*) Interest received/(paid)	(12,685)	(6,392)
(Income taxes paid)	(23,292)	(8,331)
Dividends received	55,803	27,442
(Use of provisions)	(86,149)	(215,964)
<b>4. Cash flow after other adjustments</b>	<b>(66,323)</b>	<b>(203,245)</b>
<b>Cash Flow from operating activities (A)</b>	<b>100,616</b>	<b>28,256</b>
<b>B.- CASH FLOW FROM INVESTING ACTIVITIES</b>		
Tangible assets		
(Investments)	(65,194)	(64,859)
Sale proceeds and other changes	(3,799)	56
Intangible assets		
(Investments)	(178,172)	(214,387)
Sale proceeds and other changes	(508)	30
Financial assets		
(Investments)	(94,381)	(4,852)
Sale proceeds and other changes	280,606	3,835
Non-current financial assets		
(Investments)		
Sale proceeds	57,749	126,059
Transfer of business net of cash and cash equivalents	98,414	0
Acquisition of subsidiaries net of cash and cash equivalents	(148)	0
<b>Cash flow from investing activities (B)</b>	<b>94,567</b>	<b>(154,118)</b>

follows

(thousands of Euro)	12.31.2014	12.31.2013
<b>C.- CASH FLOW FROM FINANCING ACTIVITIES</b>		
Third parties		
Increase/(decrease) in short term bank borrowings	(136,188)	70,526
Increase/(decrease) in loans from subsidiaries	(1,251)	50,752
New loans	147,500	50,000
Loan repayments	(98,333)	(49,167)
Equity		
Proceeds from increase in paid share capital	0	0
Sale (purchase) of treasury shares	0	0
Dividends (and interim dividends) paid	0	0
<b>Cash flow from financing activities (C)</b>	<b>(88,272)</b>	<b>122,111</b>
<b>Increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>106,911</b>	<b>(3,751)</b>
<b>Opening cash and cash equivalents</b>	<b>6,890</b>	<b>10,641</b>
<b>Closing cash and cash equivalents</b>	<b>113,801</b>	<b>6,890</b>
<b>including: restricted cash and cash equivalents</b>	<b>302</b>	<b>646</b>
Transfer of "commercial" business		
a. Total consideration, settled by:	98,414	
- Equity shareholdings	94,116	
- Monetary balance	4,298	
b. Cash and cash equivalents were not transferred		
c. Net book value of assets/liabilities transferred	98,414	
Acquisition of "internet" business		
a. Monetary consideration	148	
b. Cash and cash equivalents were not acquired		
c. Net book value of assets/liabilities acquired	135	

(\*) refers to financial assets/debt



# Report of the Board of Statutory Auditors

## Report to the Shareholders on the Parent Company financial statements as at 31 December 2014 in accordance with article 2429, paragraph 2, of the Italian Civil Code

### *Shareholders,*

During the year which ended 31 December 2014, the Board of Statutory Auditors performed supervisory activities in compliance with the law and in observance of the principles of conduct recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

We acknowledge that our activity consisted of the following.

We carried out monitoring activities to ensure compliance with the Law and the Company's Bylaws and with the principles of correct administration.

The Board held specific meetings with the company executives in charge of the main corporate divisions to obtain the information required to evaluate the adequacy and operation of the Company's organisational structure and internal control system.

We monitored the administrative and accounting system, as well as the reliability of the latter to represent the company's operations.

As part of this a special effort was devoted to examining the Internal Audit reports, as well as the reports on the results of the monitoring activities and on the implementation of the corrective measures identified. In that regard the Board could note the considerable boost provided during the year to the audit work and to improve specific professional techniques.

The supervisory activity was also carried out through:

- a) participation in the Meetings (2) and in all the Board of Directors' Meetings (30), during which the Statutory Auditors obtained information from the Directors on the general performance of the business and its outlook, as well as on the Company transactions of greater economic and financial significance. On the basis of the information received, there were no breaches of the law or of the Bylaws, nor were there any manifestly imprudent or rash operations in potential conflict of interest, or such as to compromise the integrity of the company assets;
- b) regular meetings with:
  - the Supervisory Board which in 2014 prepared, as in the past, the expected reports on the activity performed, including the ongoing update of the Organisational Model;
  - PricewaterhouseCoopers (PwC) in charge of the audit of the accounts, which firm reported no censurable facts.

With specific regard to the Board activity during the year, pursuant to article 2404 of the Italian Civil Code, the Board drew up 44 minutes and provided opinions, as necessary, falling in the sphere of its competence.

The Board of Statutory Auditors also provided its proposal for the assignment of the audit engagement.

The meetings were also attended by the Magistrate of the State Court of Auditors.

As part of its supervisory duties, the Board of Statutory Auditors verified the compliance of the extraordinary transactions with the Law and the Bylaws.

In particular, the Board verified:

- the compliance with the requirements of article 21 of Law 89/2014 (converting Law-Decree 66/2014) relating to the stock market launch through an initial public offering of 34.93% of the subsidiary Rai WWay. The Board underlines that, despite the complexity of the transaction, the process was held in a short period of time and very successfully for Rai from an economic and financial perspective;
- the suitability and conformity with the interest of the Company of the reorganisation/rationalisation of the Group's activities which entailed the incorporation into Rai of the foreign operations of Rai World, the transfer of the commercial business unit from the Parent Company to the subsidiary Rai Com (formerly RaiNet) and the acquisition of the Internet business unit of the former RaiNet.

## Report of the Board of Statutory Auditors

As provided for by Law 89/2014, during 2014 Rai's revenues from licence fees were reduced by Euro 150 million; the Board of Directors decided to lodge an extraordinary appeal against this ruling with the Head of State to seek the reversal of such ruling.

Beginning from the 2015 year licence fees will be cut by 5% pursuant to the Stability Law (Law 190/2014). Apart from this regulatory order, financial year 2014 was marked by a high rate of evasion which reached 27%, equal to about Euro 500 million.

As pointed out several times, the Board expects that the competent authorities take the necessary measures to drastically reduce evasion.

It should be also noted that at the end of 2014 and in the early months of 2015 the Board of Directors adopted the main measures set out below:

- introduction of the Financial Reporting Officer into the Bylaws. Such amendment, which was resolved by the Shareholders' Meeting on 19 January 2015, will have to be approved by the Ministry for the Economic Development after having heard the opinion of the Parliamentary Commission for Regulation;
- appointment (in accordance with Law 190/2012) of a Corruption Prevention and Transparency Manager, who was identified with the Internal Audit Officer. The relevant three-year plan was prepared by such Manager in January 2015 and approved by the Board of Directors on 29 of the same month;
- approval by the Shareholders' Meeting of 25 March 2015 for the issue during 2015 of financial instruments with a maximum duration of 7 years and maximum amount of Euro 350 million.

We have no particular considerations to provide with regard to related-party transactions.

During the year and subsequent to the reporting date the Board received no reports pursuant to article 2408 of the Italian Civil Code.

Furthermore, the Board of Statutory Auditors wishes to point out that the applicable Service Contract expired on 31 December 2012 and that the contract for the 2013-2015 three years is currently under examination by the parties.

The supervisory and monitoring activity performed by the Board of Statutory Auditors did not unveil significant events worth being mentioned in this Report.

Moving to the **RAI SpA Financial Statements as at 31 December 2014** – the draft of which was approved by the Board of Directors on 16 April 2015 and provided to us as laid down in article 2429 of the Italian Civile Code – we acknowledge that they consist of the Balance Sheet, Income Statement, Explanatory Notes and are accompanied by a Directors' Report on operations.

As we are not in charge of the statutory audit of the financial statements, we monitored their general layout, their general conformity with the Law in terms of formation and structure and in this respect we have nothing of significance to report.

We checked the compliance with the provisions of Law regarding the preparation of the Report on Operations and we have no remarks in this respect.

To the best of our knowledge, there have been no derogations as permitted under article 2423 paragraph 4 of the Italian Civil Code.

Today the auditing firm PwC issued its statutory audit report on the financial statements at 31 December 2014 (formerly Art. 14 of Legislative Decree 39/2010) which is an unqualified opinion.

In conclusion, in light of the all the matters reported so far, within the scope of our competence and also considering the results of the activity carried out by the independent auditors of the accounts set out in the auditors' report on the financial statements - we express our favour for the approval of the Parent Company financial statements at 31 December 2014, drawn up by the Board of Directors and consisting of the Balance Sheet, Income Statement and Explanatory Notes, in addition to the Report on Operations, closing with a profit of Euro 47,863,863.64.

We also agree with the Board's proposal on the allocation of such profit.

Rome, 8 May 2015

For the Board of Statutory Auditors

The Chairman  
Carlo Cesare Gatto

# Report of the Independent Auditors



## AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 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 2014. 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 Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) 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 29 April 2014.
- 3 In our opinion, the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2014 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 result of operations of RAI – Radiotelevisione italiana SpA.
- 4 The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of a report on operations in compliance 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 n° 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**

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001





consistent with the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2014.

Rome, 8 May 2015

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 resolutions

The Rai Shareholders' Meeting, held on 25 May 2015, unanimously resolved:

- to approve the Statutory Financial Statements of RAI Radiotelevisione italiana Spa as at 31 December 2014, consisting of the balance sheet, income statement and the notes to the financial statements, which show a net profit after taxes of Euro 47,863,863.64 (forty-seven million, eight hundred sixty-three thousand, eight hundred sixty-three and sixty-four cents), as well as the report on operations;
- to allocate the net profit amounting to Euro 47,863,863.64 (forty-seven million, eight hundred sixty-three thousand, eight hundred sixty-three and sixty-four hundredths) as follows:
  - Euro 2,393,193.18 (two million, three hundred ninety-three thousand, one hundred ninety-three and eighteen hundredths), equal to 5% (five per cent) of the net result, to the Legal Reserve;
  - Euro 273,499.37 (two hundred seventy-three thousand, four hundred ninety-nine and thirty-seven hundredths) to the Non-distributable Reserve from the measurement of foreign exchange gains;
  - the remainder, equal to Euro 45,197,171.09 (forty-five million, one hundred ninety-seven thousand, one hundred seventy-one and nine hundredths), to the Non-distributable Reserve from revaluation of investments;
- to take cognizance of the Consolidated Financial Statements of the Group for 2014 – consisting of the balance sheet, income statement and notes to the consolidated financial statements – which show a net profit equal to Euro 57.9 (fifty-seven point nine) million.

# Consolidated financial statements as at 31 December 2014

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## Board of Directors' Report on Operations

For information regarding the activities of the Rai Group, Human Resources, Research and Development activities, key events during the financial year, significant post period events and the operating outlook, please refer to the Board of Directors' Report accompanying the Parent Company's financial statements, which is presented together with these consolidated financial statements as a single document.

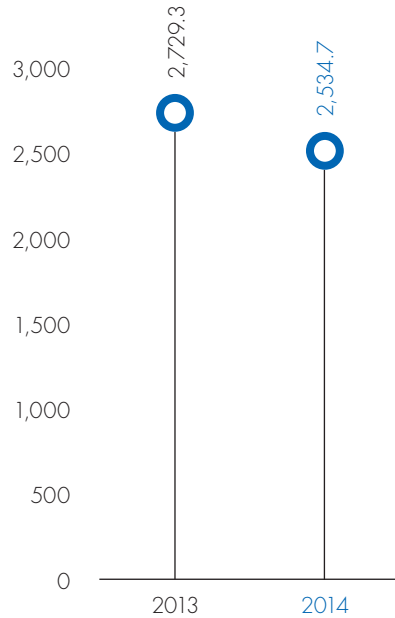
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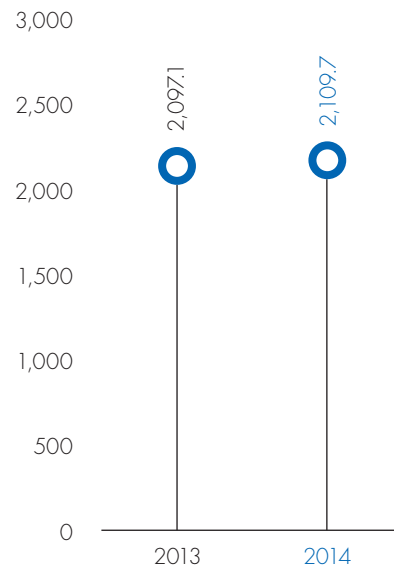
# Highlights

(millions of Euro)

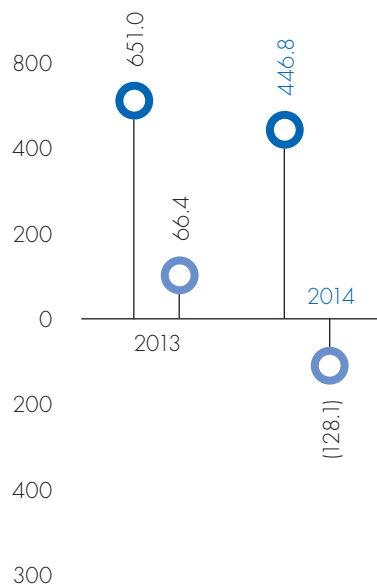
## Revenues



## Operating costs

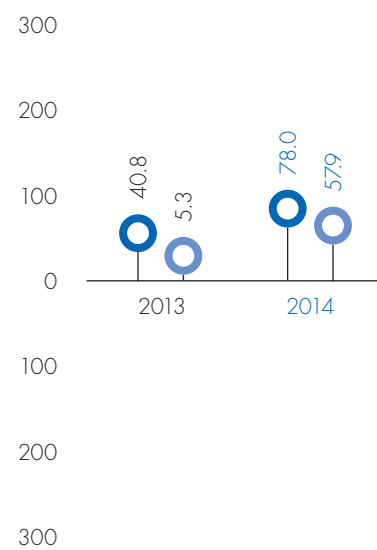


## GOP - Operating result

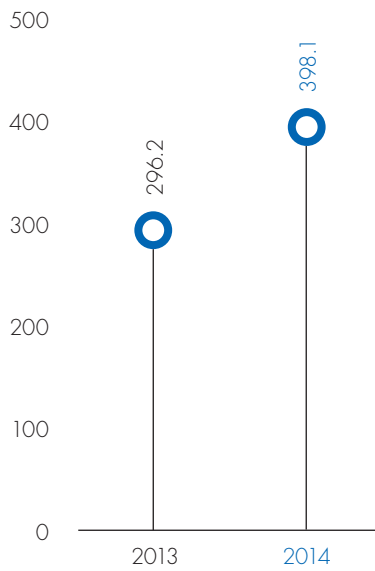


## Result before taxes

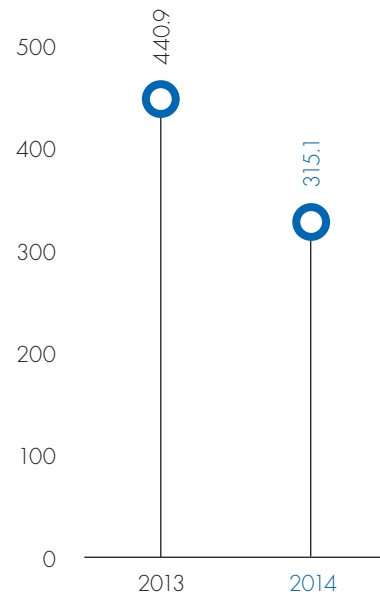
Net profit (loss) for the year



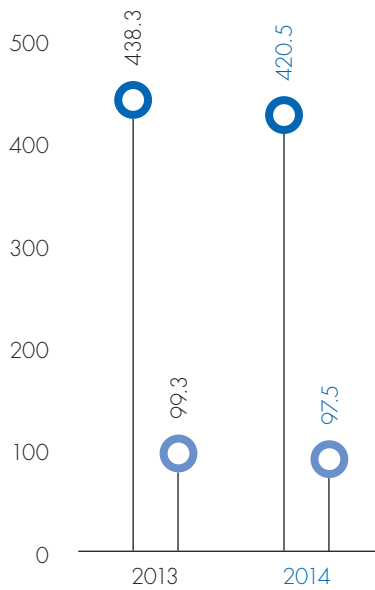
### Net equity



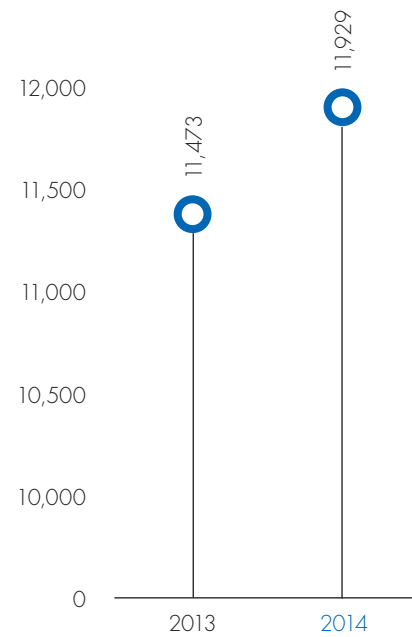
### Net financial debt



### Investment in programmes - and others



### Number of employees at 31 December (in units)



## Reclassified financial statements

### Consolidated Income Statement

(millions of Euro)	2014	2013	Change	%
Revenues from sales and services	2,534.7	2,729.3	(194.6)	-7.1
Change in inventories of work in progress, semi-finished and finished products	0.0	(0.3)	0.3	==
Internal cost capitalisations	21.8	19.1	2.7	14.1
<b>Total revenues</b>	<b>2,556.5</b>	<b>2,748.1</b>	<b>(191.6)</b>	<b>-7.0</b>
External costs for significant sports events	(94.6)	-	(94.6)	==
Other costs of materials and external services	(1,022.2)	(1,102.4)	80.2	-7.3
Personnel costs	(992.9)	(994.7)	1.8	-0.2
<b>Total operating costs</b>	<b>(2,109.7)</b>	<b>(2,097.1)</b>	<b>(12.6)</b>	<b>0.6</b>
<b>Gross operating margin</b>	<b>446.8</b>	<b>651.0</b>	<b>(204.2)</b>	<b>-31.4</b>
Amortisation of programmes	(390.7)	(447.9)	57.2	-12.8
Other amortization and depreciation	(130.5)	(132.7)	2.2	-1.7
Other net expenses	(53.7)	(4.0)	(49.7)	1,242.5
<b>Operating result</b>	<b>(128.1)</b>	<b>66.4</b>	<b>(194.5)</b>	<b>-292.9</b>
Net financial expense	(16.2)	(14.9)	(1.3)	8.7
Income from equity investments	(1.0)	1.7	(2.7)	-158.8
<b>Result before exceptional items</b>	<b>(145.3)</b>	<b>53.2</b>	<b>(198.5)</b>	<b>-373.1</b>
Exceptional income and (expense) - net	223.3	(12.4)	235.7	-1,900.8
<b>Result before taxes</b>	<b>78.0</b>	<b>40.8</b>	<b>37.2</b>	<b>91.2</b>
Income taxes for the year	(20.1)	(35.5)	15.4	-43.4
<b>Net profit (loss) for the year</b>	<b>57.9</b>	<b>5.3</b>	<b>52.6</b>	<b>992.5</b>
<i>pertaining to minority interests</i>	10.6	0.0	10.6	=

### Consolidated Balance Sheet

(millions of Euro)	31.12.2014	31.12.2013	Change	%
Non-current assets	1,499.7	1,531.4	(31.7)	-2.1
Working capital	(510.9)	(510.4)	(0.5)	0.1
Provision for staff severance pay	(275.6)	(283.9)	8.3	-2.9
<b>Invested capital</b>	<b>713.2</b>	<b>737.1</b>	<b>(23.9)</b>	<b>-3.2</b>
Equity	398.1	296.2	101.9	34.4
Net financial debt	315.1	440.9	(125.8)	-28.5
	<b>713.2</b>	<b>737.1</b>	<b>(23.9)</b>	<b>-3.2</b>



## Review of results and financial situation

### Consolidated Income Statement

Rai Group's income statement for 2014 shows a **net profit of Euro 57.9 million**, an increase compared with the profit of Euro 5.3 million recorded in 2013. The difference with respect to the result of the Parent Company Rai SpA, which recorded a net profit for the year of Euro 47.9 million, is explained by the minority interest in the subsidiary company Rai Way and intercompany adjustments.

The result reflects the provisions of Decree-Law 66 of 24 April 2014, as amended by Law 89, dated 23 June 2014, which provides that the license fees to be paid to Rai for 2014 as concession holder be reduced by Euro 150 million. The result also reflects the effects of the sale of 34.93% of the shares in Rai Way through public offer for sale which generated a capital gain, net of placement costs, of approximately Euro 228 million.

The following section provides an overview of the main items in the income statement and the reasons for the most significant changes from the previous year.

### Revenues from sales and services

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

They amount to Euro 2,534.7 million, a decrease of Euro 194.6 million (-7.1%) compared to 2013.

The attached table provides a breakdown of revenues from sales and services for each company, net of intercompany transactions.

#### Licence fees (Euro 1,590.6 million).

These include licence fees for the current year as well as fees relating to prior years which have been recovered through standard enforcement procedures.

As shown in the following table, with respect to 2013, licence fees for the current year and for prior years recovered through standard enforcement procedures decreased significantly by Euro 165 million (-9.4%).

For the main part, such decrease is explained by the reduction in license fees for 2014, of Euro 150 million, provided for by the aforementioned Law 89, dated 23 June 2014.

### Revenues

(millions of Euro)	2014	2013	Change	%
Licence fee	1,590.6	1,755.6	(165.0)	-9.4
Advertising	674.9	682.2	(7.3)	-1.1
Other revenues	269.2	291.5	(22.3)	-7.7
<b>Total</b>	<b>2,534.7</b>	<b>2,729.3</b>	<b>(194.6)</b>	<b>-7.1</b>

### Revenues - by company

(millions of Euro)	2014	%	2013	%
Rai	1,667.1	65.7	1,926.5	70.5
Rai Cinema	82.4	3.3	81.1	3.0
Rai Com (ex RaiNet)	71.7	2.8	0.8	0.0
Rai Pubblicità	678.1	26.8	683.7	25.1
Rai Way	35.4	1.4	37.2	1.4
<b>Total</b>	<b>2,534.7</b>	<b>100.0</b>	<b>2,729.3</b>	<b>100.0</b>

### Licence fees

(millions of Euro)	2014	2013	Change	%
Fees for the year – ordinary subscribers	1,492.5	1,662.7	(170.2)	-10.2
Fees for the year – special subscribers	76.1	74.4	1.7	2.3
Fees recovered through enforcement procedures	22.0	18.5	3.5	18.9
<b>Total</b>	<b>1,590.6</b>	<b>1,755.6</b>	<b>(165.0)</b>	<b>-9.4</b>

The decrease is further explained by the fact that, while the per-unit licence fee remained constant at Euro 113.50, there was a reduction in the number of paying subscribers due to a significant reduction in the number of new subscribers and an increase in the number of subscribers not paying on time, both of which are linked to the difficult economic situation in Italy.

Once again in 2014 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 force in selected European countries.

### *Licence fee in Europe*

(Euro)	
Austria	193.92
Denmark	326.45
France	133.00
Germany	215.76
Italy	113.50
United Kingdom	175.31
Sweedeen	225.00
Switzerland	378.78

**Advertising** (Euro 674.9 million). The decline in the advertising market continued in 2014; the total value of advertising in 2014 fell by 2.7% with respect to the previous year (Nielsen).

While the advertising market cycle continues to be negative, the trend appears to be improving compared to 2013 which saw a contraction in the market of -12.4%. The 2014 result benefitted from a significant increase in advertising in June and July in relation to the football World Cup.

Analysis of advertising trends in the various media, shows that TV advertising remained relatively constant, newspaper and press advertising continued to suffer and web advertising was the only positive area, albeit showing limited growth; radio advertising also recorded a loss, however the worst situation was in cinema advertising which suffered most.

In this context, and in part due to the advertising related to the football World Cup, Rai Group's **advertising revenues** (Euro 674.9 million) show a small reduction of Euro 7.3 million (-1.1%) compared with 2013, as shown in the related table.

### *TV subscription - changes*

	2014	2013	2012	% 2014/2013
New	253,543	355,376	506,486	-28.7
Renewals	15,469,260	15,636,145	15,614,136	-1.1
<b>Paying subscribers</b>	<b>15,722,803</b>	<b>15,991,521</b>	<b>16,120,622</b>	<b>-1.7</b>
Late/non-paying	1,287,191	1,091,104	963,091	18.0
<b>Registered subscribers</b>	<b>17,009,994</b>	<b>17,082,625</b>	<b>17,083,713</b>	<b>-0.4</b>
% late/non-paying	7.67%	6.51%	5.79%	
Cancellations	326,174	356,464	357,737	-8.5
Cancellations + late/non-paying	1,613,365	1,447,568	1,320,828	11.5

### *Advertising*

(millions of Euro)	2014	2013	Change	%
TV advertising on general interest channels:				
- commercials	456.1	493.6	(37.5)	-7.6
- promotions, sponsorship and special events	106.6	68.9	37.7	54.7
- product placement	4.3	2.4	1.9	79.2
	<b>567.0</b>	<b>564.9</b>	<b>2.1</b>	<b>0.4</b>
On specialist channels	66.8	67.0	(0.2)	-0.3
	<b>633.8</b>	<b>631.9</b>	<b>1.9</b>	<b>0.3</b>
Radio advertising	26.6	29.0	(2.4)	-8.3
Web advertising	8.1	7.7	0.4	5.2
Cinema advertising	5.6	12.7	(7.1)	-55.9
Other advertising	0.8	0.9	(0.1)	-11.1
<b>Total</b>	<b>674.9</b>	<b>682.2</b>	<b>(7.3)</b>	<b>-1.1</b>

**Other revenues** (Euro 269.2 million) decreased by Euro 22.2 million (-7.7%) as shown in the following table.

The reduction in other revenues with respect to 2013 relates mainly to the decrease in the sale of rights to use archive materials to football clubs (-Euro 18.9 million).

The related table provides a breakdown of other revenues, by individual company and net of inter-company transactions.

As shown in the table alongside, the trends as described above have led to a slight increase in the relative importance of advertising revenues as a percentage of total revenues.

## Operating costs

Operating costs amount to Euro 2,109.7 million, an increase of Euro 12.6 million (0.6%) with respect to 2013, which is explained below.

This item includes both external and internal (personnel) costs incurred in the ordinary course of business. Such costs are classified as follows.

### Consumption of goods and external services

– This item includes purchases of goods and services required to make one-time-use programmes (purchases of consumables, external services, artistic collaborations etc.), filming rights

## Other revenues

(millions of Euro)	2014	2013	Change	%
Sale of rights and musical publications	55.8	58.0	(2.2)	-3.8
Special services under agreement	51.0	49.9	1.1	2.2
Film and home video distribution	42.6	43.0	(0.4)	-0.9
Fees for hosting systems and equipment	32.9	33.4	(0.5)	-1.5
Sale of rights to use archive materials to football clubs	28.4	47.3	(18.9)	-40.0
Sundry services, performed mainly for public entities	7.1	8.1	(1.0)	-12.3
Signal broadcasting, circuit hire, radio bridge and link services	6.0	6.9	(0.9)	-13.0
Agreements with telephone operators	2.6	2.5	0.1	4.0
Reimbursement of programme production costs	1.0	1.2	(0.2)	-16.7
Other	41.8	41.2	0.6	1.5
<b>Total</b>	<b>269.2</b>	<b>291.5</b>	<b>(22.3)</b>	<b>-7.7</b>

## Other revenues - by company

(millions of Euro)	2014	%	2013	%
Rai	76.2	28.3	169.2	58.1
Rai Cinema	82.4	30.6	81.1	27.8
Rai Com (ex RaiNet)	71.4	26.5	0.1	0.0
Rai Pubblicità	3.8	1.4	3.9	1.3
Rai Way	35.4	13.2	37.2	12.8
<b>Total</b>	<b>269.2</b>	<b>100.0</b>	<b>291.5</b>	<b>100.0</b>

## % of revenues

	2014	2013
Licence fees	62.8	64.3
Advertising revenues	26.6	25.0
Other revenues	10.6	10.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

for sports events, copyright, running costs (rental and hire fees, telephone and postage costs, cleaning, maintenance etc.) and other operating costs (direct and indirect taxes, contribution to the Authorities etc.).

Compared with the previous year, the item shows an increase of Euro 14.4 million (1.3%), due to the inclusion of costs incurred during the year in relation to significant sporting events which take place on a four-year cycle (football World Cup and winter Olympic Games) amounting to Euro 94.6 million (of which Euro 90.0 million solely for the purchase of the rights).

Net of this component, compared with 2013, external costs decreased by around Euro 80.2 million.

Such overall decrease includes:

- a decrease of Euro 26.3 million relating to the concession fee which, in the absence of the regulation which will specify how it is to be

calculated, has been prudently estimated on the basis of the same criteria applied in 2013 (1% of total turnover) and provided against in other net expenses in the amount of Euro 25.3 million;

- a decrease of Euro 18.8 million in filming rights (net of the aforementioned costs relating to significant sporting events) due to a reduction in the cost of sports filming rights;
- a decrease of Euro 7.8 million in services for acquisition and production of programmes due to a reduction in costs related to contracts with football clubs; and
- the remainder of the reduction in external costs is spread across the various cost items and is due to initiatives implemented during the year to contain spending.

### *Consumption of goods and external services*

(millions of Euro)	2014	2013	Change	%
Materials purchased	18.6	22.2	(3.6)	-16.2
External services:				
Freelance services	123.3	125.2	(1.9)	-1.5
Services for acquisition and production of programmes	179.5	191.5	(12.0)	-6.3
Staff allowances, travel and accessory costs	38.9	38.6	0.3	0.8
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	170.0	174.5	(4.5)	-2.6
Other	120.8	118.4	2.4	2.0
	632.5	648.2	(15.7)	-2.4
Use of third-party assets:				
Rent and hire costs	87.9	92.4	(4.5)	-4.9
Filming rights (mainly for sports events and the Sanremo Festival)	216.4	145.2	71.2	49.0
Utilisation rights	103.1	107.3	(4.2)	-3.9
	407.4	344.9	62.5	18.1
Change in inventories	0.2	0.1	0.1	100.0
Concession fee	0.0	26.3	(26.3)	-100.0
Other operating costs:				
Prizes and winnings	12.6	12.7	(0.1)	-0.8
Authority for Communication Guarantees contribution	4.2	6.3	(2.1)	-33.3
IMU (Municipal property tax)	10.4	9.8	0.6	6.1
Other indirect taxes, duties and levies	10.4	10.8	(0.4)	-3.7
Newspapers, magazines, books and publications	1.8	2.0	(0.2)	-10.0
Membership fees	3.2	3.3	(0.1)	-3.0
Other	4.4	3.4	1.0	29.4
	47.0	48.3	(1.3)	-2.7
Other	11.1	12.4	(1.3)	-10.5
<b>Total</b>	<b>1,116.8</b>	<b>1,102.4</b>	<b>14.4</b>	<b>1.3</b>

The following table provides a breakdown of consumption of goods and external services by company, net of intercompany transactions.

**Personnel costs** – As noted in the following table, personnel costs amount to Euro 992.9 million, a decrease of Euro 1.8 million with respect to the total at 31 December 2013 (-0.2%).

Savings generated by the early retirement incentive programme (which took effect during 2013) offset the natural tendency for personnel costs to increase due to automatic contractual pay increases, contract renewals, the continuation of agreements entered into in 2013 and higher costs resulting

from the transformation of fixed-term contracts into permanent ones. Such savings also permitted the re-opening, albeit on a limited scale, of salary negotiations after years of effective freeze on salaries and wages.

Lower inflation also contributed to containing personnel costs, through its positive impact on the revaluation of the provision for staff severance pay, as did the reduction in the provision made for staff litigation issues.

The following table provides a breakdown of personnel costs by company.

### *Consumption of goods and external services - by company*

(millions of Euro)	<b>2014</b>	%	2013	%
Rai	926.7	83.0	920.0	83.4
Rai Cinema	67.1	6.0	70.1	6.4
Rai Com (ex RaiNet)	21.0	1.9	6.3	0.6
Rai Pubblicità	34.0	3.0	36.1	3.3
Rai Way	68.0	6.1	68.5	6.2
Rai World	0.0	0.0	1.4	0.1
<b>Total</b>	<b>1,116.8</b>	<b>100.0</b>	<b>1,102.4</b>	<b>100.0</b>

### *Personnel costs*

(millions of Euro)	<b>2014</b>	2013	Change	%
Wages and salaries	713.8	712.2	1.6	0.2
Social security contributions	202.5	201.8	0.7	0.3
Staff severance pay	47.4	48.8	(1.4)	-2.9
Pension and similar costs	13.7	14.0	(0.3)	-2.1
Other	15.5	17.9	(2.4)	-13.4
<b>Total</b>	<b>992.9</b>	<b>994.7</b>	<b>(1.8)</b>	<b>-0.2</b>

### *Personnel costs - by company*

(millions of Euro)	<b>2014</b>	%	2013	%
Rai	905.0	91.1	905.7	91.0
Rai Cinema	9.8	1.0	9.5	1.0
Rai Com (ex RaiNet)	5.2	0.5	3.8	0.4
Rai Pubblicità	25.4	2.6	27.8	2.8
Rai Way	47.5	4.8	47.7	4.8
Rai World	0.0	0.0	0.2	0.0
<b>Total</b>	<b>992.9</b>	<b>100.0</b>	<b>994.7</b>	<b>100.0</b>

The total number of employees at 31 December 2014 was 11,929 (including 159 placement and apprenticeship contracts), an increase of 456 compared to the same date in the previous year. In terms of change during the year, 172 employees left the Group companies, of which 61 taking advantage of early retirement incentives, while 628 new contracts were issued. Of the new contracts issued, 410 involved the transformation of fixed-term contracts into permanent contracts following trade union agreements and a further 44 were returns following legal disputes.

The average number of employees, during the year, including those on fixed-term contracts, was 12,857, a reduction of 108 compared to the previous year. The change reflects an increase of 218 employees on permanent contracts and a reduction of 326 employees on fixed-term contracts.

### Gross operating margin

As a result of the events described above, the Gross Operating Margin for the year was (positive) Euro 446.8 million, a decrease of Euro 204.2 million, (31.4%) compared to the previous year.

### Amortisation of programmes

Amortisation of programmes is related to investments in programmes which during 2014 amounted to Euro 420.5 million, a decrease of Euro 17.8 million (-4.1%) with respect to the previous year, as shown in the following table.

The related table provides a breakdown of investments in programmes by company.

Amortisation of programmes for the year amounts to Euro 390.7 million, a decrease of Euro 57.2 million (-12.8%) compared to the previous year, in line with the aforementioned trend in investments.

### Investments in programmes

(millions of Euro)	2014	2013	Change	%
Television drama (fiction)	269.6	274.6	(5.0)	-1.8
Films	105.3	107.7	(2.4)	-2.2
Other programmes	45.6	56.0	(10.4)	-18.6
<b>Total</b>	<b>420.5</b>	<b>438.3</b>	<b>(17.8)</b>	<b>-4.1</b>

### Investments in programmes - by company

(millions of Euro)	2014	%	2013	%
Rai	170.3	40.5%	205.1	46.8%
Rai Cinema	245.8	58.5%	233.2	53.2%
Rai Com (ex RaiNet)	4.4	1.0%	0.0	0.0%
<b>Total</b>	<b>420.5</b>	<b>100.0%</b>	<b>438.3</b>	<b>100.0%</b>

### Amortisation of programmes

(millions of Euro)	2014	2013	Change	%
Television drama (fiction)	233.7	276.0	(42.3)	-15.3
Films	116.2	128.0	(11.8)	-9.2
Other programmes	40.8	43.9	(3.1)	-7.1
<b>Total</b>	<b>390.7</b>	<b>447.9</b>	<b>(57.2)</b>	<b>-12.8</b>

## Other amortisation and depreciation

Other amortisation and depreciation are related to investments in tangible non-current assets and other investments which, as shown in the following table, decreased by Euro 1.8 million (-1.8%) in 2014 with respect to the previous year.

The following tables provide a breakdown of other investments by type and company.

Amortisation and depreciation for the year in relation to other investments as detailed above amount to Euro 130.5 million, a decrease of Euro 2.2 million with respect to 2013.

At a more detailed level, other net expenses include costs for repeat-use television productions which are not expected to be used, repeated or commercially exploited (Euro 25.3 million in 2014, Euro 27.9 million in 2013), the provision for the company supplementary pension fund for ex-employees (Euro 9.0 million in 2014, Euro 4.9 million in 2013), provisions for risks and charges including the aforementioned provision of Euro 25.3 million in relation to the concession fee (Euro 41.5 million in 2014, Euro 11.6 million in 2013), the provision for bad debts (Euro 4.7 million in 2014, Euro 8.7 million in 2013), partially offset by net out of period gains (Euro 9.6 million in 2014, Euro 24.6 million in 2013) and the release of funds allocated in previous years (Euro 17.2 million in 2014, Euro 24.5 million in 2013).

## Other net expenses

Other net expenses comprise income and expenses not directly related to the Company's core business; in 2014, other net expenses amounted to Euro 53.7 million (Euro 4.0 million in 2013).

## Operating result

Revenues and costs as described above led to a worsening of the operating result, which moved from a profit of Euro 66.4 million in 2013 to a loss

## Other investments

(millions of Euro)	2014	2013	Change	%
Tangible assets	85.7	88.1	(2.4)	-2.7
Other intangible assets	11.8	11.2	0.6	5.4
<b>Total</b>	<b>97.5</b>	<b>99.3</b>	<b>(1.8)</b>	<b>-1.8</b>

## Other investments - by company

(millions of Euro)	2014	%	2013	%
Rai	73.0	74.9	74.1	74.6
Rai Cinema	0.2	0.2	0.2	0.2
Rai Com (ex RaiNet)	0.5	0.5	0.6	0.6
Rai Pubblicità	1.8	1.8	1.4	1.4
Rai Way	22.0	22.6	23.0	23.2
Rai World	0.0	0.0		0.0
<b>Total</b>	<b>97.5</b>	<b>100.0</b>	<b>99.3</b>	<b>100.0</b>

## Depreciation and amortisation of other non-current assets

(millions of Euro)	2014	2013	Change	%
Tangible assets	116.7	119.4	(2.7)	-2.3
Other intangible assets	13.8	13.3	0.5	3.8
<b>Total</b>	<b>130.5</b>	<b>132.7</b>	<b>(2.2)</b>	<b>-1.7</b>

of Euro 128.1 million in 2014, a decrease of Euro 194.5 million.

### Net financial expense

**Net financial expense** shows a net expense of Euro 16.2 million, an increase in net expense of Euro 1.3 million with respect to the previous year. The item reflects the income statement effects of normal financial operations and comprises bank interest income and expense as well as net gains/losses on foreign exchange.

With respect to the previous year:

- net bank interest expense was Euro 4.7 million higher as a result of the increase in medium-term debt;
- there was an improvement of Euro 2.1 million in the results of foreign exchange management, leading to a net gain on foreign exchange transactions. This was due to the effect of hedge contracts entered into in prior years which

limited the effects of a weakening Euro on USD denominated purchases; and

- other net financial expenses decreased by Euro 1.3 million as a result of a range of factors including lower ancillary bank charges and higher interest on non-trade receivables.

The average cost of borrowing during the year, including current account credit lines, overdraft facilities, stand-by and medium-long term loans was 3.2% (2.9% in 2013) reflecting a higher recourse to medium-long terms with respect to short-term credit.

### Exceptional income (expense) – net

Net exceptional income of Euro 223.3 million was earned in 2014 (net exceptional expense of Euro 12.4 million in 2013) mainly as a result of the aforementioned gain on the sale of shares in Rai Way.

The related table provides further details.

### Net financial expense

(millions of Euro)	2014	2013	Change	%
Net bank interest expense	(16.2)	(11.5)	(4.7)	40.9
Net exchange gains (losses)	1.4	(0.7)	2.1	-300.0
Other net financial expense	(1.4)	(2.7)	1.3	-48.1
<b>Total</b>	<b>(16.2)</b>	<b>(14.9)</b>	<b>(1.3)</b>	<b>8.7</b>

### Exceptional income (expense) – net

(millions of Euro)	2014	2013	Change
Exceptional income			
Gain on the sale of Rai Way shares	236.3	0.0	236.3
Rai Way shares placement costs	(8.0)	0.0	(8.0)
Early retirement incentives	(5.3)	(12.0)	6.7
Net taxation in relation to prior years	0.2	(0.4)	0.6
Out of period gains	0.1	0.0	0.1
<b>Total</b>	<b>223.3</b>	<b>(12.4)</b>	<b>235.7</b>

### Income taxes

(millions of Euro)	2014	2013	Change
IRES	(32.7)	(22.2)	(10.5)
IRAP	(28.3)	(38.5)	10.2
Deferred tax liabilities:			
- in the accounts of individual companies	0.4	2.9	(2.5)
- deriving from consolidation adjustments	0.0	0.1	(0.1)
Deferred tax assets:			
- in the accounts of individual companies	40.5	22.3	18.2
- deriving from consolidation adjustments	0.0	(0.1)	0.1
<b>Total</b>	<b>(20.1)</b>	<b>(35.5)</b>	<b>15.4</b>



## Income taxes

Income taxes amount to Euro 20.1 million and include current and deferred taxes as shown in the following table.

IRES amounted to Euro 32.7 million, an increase of Euro 10.5 million with respect to the previous year due to the improved results achieved by Group companies.

With regard to the Parent Company, no IRES was charged as the result for the year was negative for tax purposes.

IRAP, amounting to Euro 28.3 million, was lower than in the previous year as a result of the lower tax accounted for by the Parent Company.

Deferred tax liabilities have a positive defect of Euro 0.4 million, mainly due to the reversal for tax purposes of temporary differences in relation to higher amortisation and depreciation charged in prior years.

Deferred tax assets of Euro 40.5 million relate to IRES credits resulting from:

- taxable loss for the year of the Parent Company, partially offset by the taxable profits

of the subsidiaries, resulting in a tax credit of Euro 32.6 million;

- recognition of Rai Com tax losses from previous years, amounting to Euro 2.7 million;
- recognition by the Parent Company of temporary differences amounting to Euro 5.1 million relating to programme assets which will certainly be recoverable as they can be transformed into tax credits;
- cancellation of a Parent Company IRAP credit of Euro 3.3 million due to the effective elimination of taxable income as a result of the full deductibility of personnel costs on permanent contracts introduced by the 2015 stability law; and
- other deferred tax assets totalling Euro 3.4 million, relating mainly to provisions in the financial statements of Group companies-

## Balance Sheet

### Non-current assets

The following table provides details of **tangible assets**, which decreased with respect to the prior year.

The following table provides details of **investments in programmes**.

### Non-current assets

(millions of Euro)	<b>12.31.2014</b>	12.31.2013	Change	%
Tangible assets	618.3	650.7	(32.4)	-5.0
Programmes	833.4	829.2	4.2	0.5
Equity investments	12.5	13.8	(1.3)	-9.4
Other non-current assets	35.5	37.7	(2.2)	-5.8
<b>Total</b>	<b>1,499.7</b>	<b>1,531.4</b>	<b>(31.7)</b>	<b>-2.1</b>

### Tangible assets

(millions of Euro)	<b>12.31.2014</b>	12.31.2013	Change	%
Land and buildings	206.3	213.9	(7.6)	-3.6
Plant and machinery	319.1	319.8	(0.7)	-0.2
Industrial and sales equipment	7.2	8.3	(1.1)	-13.3
Other assets	28.3	28.7	(0.4)	-1.4
Tangible assets under construction and payments on account	57.4	80.0	(22.6)	-28.3
<b>Total</b>	<b>618.3</b>	<b>650.7</b>	<b>(32.4)</b>	<b>-5.0</b>

### Investments in programmes

(millions of Euro)	<b>12.31.2014</b>	12.31.2013	Change	%
Television drama (fiction)	441.9	430.3	11.6	2.7
Films	255.5	268.2	(12.7)	-4.7
Other programmes	136.0	130.7	5.3	4.1
<b>Total</b>	<b>833.4</b>	<b>829.2</b>	<b>4.2</b>	<b>0.5</b>

The value of **equity investments** amounted to Euro 12.5 million, a decrease of Euro 1.3 million based on the results of the companies. The following table provides details of **other non-current assets**.

The increase of Euro 12.8 million in provisions for risks and charges is related to the aforementioned provision (Euro 25.3 million) included in the financial statements of the Parent Company regarding the 2014 concession fee.

### Working capital

The following table provides details of working capital.

Changes with respect to the prior year are due mainly to normal business trends (- Euro 0.5 million).

### Net financial position

The Group had a negative **net financial position** of Euro 315.1 million, an improvement of Euro 125.8 million with respect to the previous year-end, as shown in the following table.

As shown in the table, the Group has ensured net liquid resources of approximately Euro 115 million and consolidated medium-long term financing

### Other non-current assets

(millions of Euro)	12.31.2014	12.31.2013	Change	%
Non-current receivables	2.5	2.4	0.1	4.2
Software	9.7	7.4	2.3	31.1
Alterations and improvements to leased properties	6.6	7.4	(0.8)	-10.8
Options on commercial agreements	6.4	6.7	(0.3)	-4.5
Digital terrestrial frequencies	4.4	7.8	(3.4)	-43.6
Ancillary charges on loans	3.5	3.5	0.0	0.0
Securities	2.3	2.4	(0.1)	-4.2
Other	0.1	0.1	0.0	0.0
<b>Total</b>	<b>35.5</b>	<b>37.7</b>	<b>(2.2)</b>	<b>-5.8</b>

### Working capital

(millions of Euro)	12.31.2014	12.31.2013	Change	%
Inventories	2.6	2.8	(0.2)	-7.1
Trade receivables	486.9	490.8	(3.9)	-0.8
Other assets	309.1	275.3	33.8	12.3
Trade payables	(701.8)	(671.5)	(30.3)	4.5
Provisions for risks and charges	(376.1)	(363.3)	(12.8)	3.5
Other liabilities	(231.6)	(244.5)	12.9	-5.3
<b>Total</b>	<b>(510.9)</b>	<b>(510.4)</b>	<b>(0.5)</b>	<b>0.1</b>

### Net financial position of the Group

(millions of Euro)	12.31.2014	12.31.2013	Change	%
Net amounts due from (to) banks and other lenders				
- in the medium/long term	(426.2)	(297.2)	(129.0)	43.4
- in the short term - net	114.9	(140.1)	255.0	-182.0
	(311.3)	(437.3)	126.0	-28.8
Other financial payables	(3.8)	(3.6)	(0.2)	5.6
<b>Net financial position</b>	<b>(315.1)</b>	<b>(440.9)</b>	<b>125.8</b>	<b>-28.5</b>

sources, providing Euro 345 million to Rai and Euro 81 million to Rai Way.

The improvement in net financial position is explained mainly by receipts from the sale of shares in Rai Way, partially offset by the reduction in license fees received from the Ministry of the Economy and Finance in implementation of the aforementioned Law 89/2014, and the significant reduction in payments to employees due to the progressive completion of the early retirement incentive exercise initiated the previous year.

The Group had a negative **average net financial position** of Euro 401 million during 2014 (- Euro 365 million in 2013), representing increased average debt of Euro 36 million with respect to the previous year; this is explained by the higher level of net borrowing at the beginning of the year, which was only partially compensated during November and December by receipts from the sale of Rai Way shares.

Analysis of balance sheet liquidity and leverage ratios shows:

- a **net invested capital coverage ratio**, defined as the ratio between net invested capital and equity, of 1.82 (2.49 at 31 December 2013);
- a **debt to equity ratio**, defined as the ratio between net financial debt and equity, of 0.80 (1.49 at 31 December 2013);
- a **current ratio**, defined as the ratio between current assets (inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 0.98 (0.73 at 31 December 2013);
- a **non-current asset coverage ratio**, defined as the ratio of equity to non-current assets, of 0.26 (0.19 at 31 December 2013).

The terms of the unsecured pool loan (Euro 246 million) and the loan from the European Investment Bank (Euro 50 million) require compliance with the following financial ratios (covenants) 31 December 2014:

- Net Financial Debt (adjusted) net of accounts receivable from the State for fees/Shareholders' Equity  $\leq 2.9$
- Net Financial Debt (adjusted) net of accounts receivable from the State for fees/Gross Operating Margin  $\leq 1.2$

At 31 December 2014, such ratios, which are to be calculated with respect to the consolidated financial statements, had been fully complied with and were 0.80 and 0.71 respectively.

The loan agreements entered into by Rai Way also require compliance with certain financial ratios to be calculated with respect to the

company's financial statements; these too were fully complied with.

The Group monitors the **financial risks** to which it is exposed, using dedicated computerised and statistical tools.

The Group's financial management policy is in-line with best practice and is aimed at achieving capital preservation through a risk averse approach combined with active monitoring of exposure and implementation of hedging strategies; policy is managed at a central level by the Parent Company, which acts also on behalf of the subsidiaries other than Rai Way which, since its listing, manages its financial matters autonomously, albeit along broadly similar lines.

In particular:

- **exchange risk** relates to the exposure in USD generated by the acquisition of rights to sports events and film and television broadcasting rights by Rai Cinema. Such commitments amounted to Euro 162 million in 2014. Risk management activities, which begin on the date the commitment is entered into and often last several years, are aimed at fixing the Euro value of commitments at the budget or order stage. As appropriate, hedging strategies making use of financial derivative instruments – such as forward purchases, swaps and options – are implemented, however, without speculative objectives. Group policy establishes limits for such hedging activity.
- **Interest rate risk** is also managed in accordance with the company policy and specific operating limits, particularly for medium/ long-term exposure. Hedge agreements totalling approximately Euro 138 million have been entered into in relation to the medium-term loan with the pool of lending banks with the objective of transforming the cost of the loan, which is variable and subject to market volatility, to a fixed rate.
- **Credit risk** in relation to cash surpluses is limited to the extent that company policy requires that any such short-term surpluses be invested in low-risk financial instruments with highly-rated counterparties. During 2014, only time deposits and sight deposits were used.
- With regard to **liquidity risk**, the following actions were taken during the year to increase available credit:
  - in the case of Rai, Euro 147.5 million of the bullet loan agreement entered into with the pool of lending banks in December 2013 (expiry date in June 2017) was drawn down and the level of stand-by credit lines was increased (from Euro 115 million to Euro 170 million); and
  - in the case of Rai Way, Euro 80 million of the Amortising loan agreement totalling Euro 120 million (expiry date in September 2019)

was drawn down and the level of stand-by credit lines was increased by Euro 50 million (expiry date in September 2019).

Rai has further short-term and non-revolving credit lines with banks amounting to approximately Euro 370 million.

Existing loans ensure coverage of liquidity requirements during the year so long as fees are paid by the Ministry of the Economy and Finance without significant delay with respect to contractual agreements.

# Consolidated Financial Statements of the Rai Group

Consolidated Balance Sheet and Income Statement  
(Statutory form)



## Consolidated Financial Statements of the Rai Group

**Consolidated Balance Sheet - Assets**

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	570.1	547.9
4.- Concessions, licences, trademarks and similar rights	4.5	7.9
6.- Intangible assets under development and payments on account	277.7	293.9
7.- Others	11.8	12.4
<b>TOTAL INTANGIBLE ASSETS</b>	<b>864.1</b>	<b>862.1</b>
II. TANGIBLE ASSETS		
1.- Land and buildings	206.3	213.9
2.- Plant and machinery	319.1	319.8
3.- Industrial and commercial equipment	7.2	8.3
4.- Other assets	28.3	28.7
5.- Tangible assets under construction and payments on account	57.4	80.0
<b>TOTAL TANGIBLE ASSETS</b>	<b>618.3</b>	<b>650.7</b>
III. FINANCIAL ASSETS		
1.- Equity investments in		
a) non consolidated subsidiaries	3.3	2.9
b) associated companies	8.4	10.2
d) other companies	0.8	0.7
	12.5	13.8
2.- Receivables		
d) other		
. amounts due within 12 months	0.2	0.2
. amounts due after 12 months	2.3	2.2
	2.5	2.4
3.- Other securities	2.3	2.4
<b>TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>17.3</b>	<b>18.6</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,499.7</b>	<b>1,531.4</b>

follows

**Consolidated Balance Sheet - Assets**

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	1.0	1.2
3.- Contract work in progress	0.2	0.2
4.- Finished products and merchandise	1.4	1.4
<b>TOTAL INVENTORIES</b>	<b>2.6</b>	<b>2.8</b>
II. RECEIVABLES		
1.- customers		
. due within 12 months	479.6	486.5
. due after 12 months	5.9	3.0
3.- associated companies	0.4	0.3
4.bis - tax receivables		
. due within 12 months	78.0	43.0
. due after 12 months	17.2	17.3
4.ter - deferred tax assets	54.9	40.9
5.- other		
. due within 12 months	70.5	109.4
. due after 12 months	59.8	37.2
<b>TOTAL RECEIVABLES</b>	<b>766.3</b>	<b>737.6</b>
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	128.3	6.7
3.- Cash and cash equivalents on hand	0.3	0.4
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>128.6</b>	<b>7.1</b>
<b>TOTAL CURRENT ASSETS</b>	<b>897.5</b>	<b>747.5</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	29.7	28.5
<b>TOTAL ASSETS</b>	<b>2,426.9</b>	<b>2,307.4</b>

## Consolidated Financial Statements of the Rai Group

**Consolidated Balance Sheet - Liabilities**

(millions of Euro)	12.31.2014	12.31.2013
A) SHAREHOLDERS' EQUITY		
I. PARENT COMPANY EQUITY		
I. Share Capital	242.5	242.5
IV. Legal reserve	9.2	9.0
VII. Other reserves	44.5	39.4
IX. Group profit (loss) for the year	47.3	5.3
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>343.5</b>	<b>296.2</b>
II. THIRD-PARTY EQUITY		
Third-party capital and reserves	44.0	-
Profit (loss) for the year pertaining to minority interests	10.6	-
<b>TOTAL THIRD-PARTY EQUITY</b>	<b>54.6</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>398.1</b>	<b>296.2</b>
B) PROVISIONS FOR RISKS AND CHARGES		
1.- for pension and similar liabilities	143.7	145.9
2.- current and deferred taxes	5.8	6.2
3.- other	226.6	211.2
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>376.1</b>	<b>363.3</b>
C) PROVISION FOR STAFF SEVERANCE PAY	275.6	283.9
D) PAYABLES		
4.- Due to banks		
. due within 12 months	109.4	245.6
. due after 12 months	327.2	198.1
5.- Due to other lenders		
. due within 12 months	2.8	0.1
. due after 12 months	0.5	0.6
6.- Advances	37.2	7.5
7.- Suppliers	660.9	660.4
9.- Non consolidated subsidiaries	3.5	3.1
10.- Associated companies	4.0	4.1
12.- Tax payables	72.8	69.1
13.- Welfare and social security institutions	80.4	79.8
14.- Other payables	57.2	65.4
<b>TOTAL PAYABLES</b>	<b>1,355.9</b>	<b>1,333.8</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME	21.2	30.2
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,426.9</b>	<b>2,307.4</b>



**Consolidated Memorandum Accounts**

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
1.- Unsecured guarantees granted		
a) Sureties:		
- for associated companies	2.6	2.6
- for others	37.0	45.2
<b>Total unsecured guarantees granted</b>	<b>39.6</b>	<b>47.8</b>
2.- Secured guarantees granted		
b) for own commitments other than payables	2.3	2.3
<b>Total secured guarantees granted</b>	<b>2.3</b>	<b>2.3</b>
3.- Purchase and sale commitments	0.2	0.3
4.- Other memorandum accounts	342.0	486.9
	<b>384.1</b>	<b>537.3</b>

## Consolidated Financial Statements of the Rai Group

**Consolidated Income Statement**

(millions of Euro)	<b>12.31.2014</b>	31.12.2013
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,474.8	2,673.1
2.- Changes in inventories of work in progress, semifinished and finished products	-	(0.3)
4.- Internal cost capitalisations	21.8	19.1
5.- Other production-related income		
a) operating grants	12.4	11.0
c) miscellaneous	85.8	104.5
	98.2	115.5
<b>TOTAL PRODUCTION VALUE</b>	<b>2,594.8</b>	<b>2,807.4</b>
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(18.6)	(22.2)
7.- Services	(632.5)	(648.2)
8.- Use of third-party assets	(407.4)	(344.9)
9.- Personnel		
a) wages and salaries	(713.8)	(712.2)
b) social security contributions	(202.5)	(201.8)
c) staff severance pay	(47.4)	(48.8)
d) pension and similar costs	(13.7)	(14.0)
e) other costs	(15.5)	(17.9)
	(992.9)	(994.7)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(415.5)	(473.5)
b) depreciation of tangible assets	(116.7)	(119.4)
c) other non-current asset writedowns	(25.3)	(27.9)
d) writedowns of current receivables, cash and cash equivalents	(4.7)	(8.7)
	(562.2)	(629.5)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(0.2)	(0.1)
12.- Provisions for risks	(14.4)	(9.6)
13.- Other provisions	(27.2)	(2.0)
14.- Other operating costs		
a) capital losses on disposals	(0.4)	(0.3)
b) concession fee	-	(26.3)
c) other	(67.1)	(63.2)
	(67.5)	(89.8)
<b>TOTAL PRODUCTION COSTS</b>	<b>(2,722.9)</b>	<b>(2,741.0)</b>
<b>Difference between production value and costs</b>	<b>(128.1)</b>	<b>66.4</b>

follows

## Consolidated Income Statement

(millions of Euro)	12.31.2014	12.31.2013
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income.		
b) from non-current securities other than equity investments	0.1	0.1
d) financial income other than the above		
. interest and commissions from others and miscellaneous income	2.1	1.3
	2.2	1.4
17.- Interest and other financial expenses		
d) interest and commissions payable to others and miscellaneous charges	(19.8)	(15.6)
	(19.8)	(15.6)
17 bis.- Foreign exchange gains and losses - net	1.4	(0.7)
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(16.2)</b>	<b>(14.9)</b>
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) of equity investments	1.3	1.9
	1.3	1.9
19.- Writedowns		
a) of equity investments	(2.3)	(0.2)
	(2.3)	(0.2)
<b>TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>(1.0)</b>	<b>1.7</b>
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
a) capital gains relating to operations with significant effects on the structure of the company	236.4	-
e) income relating to prior years	0.7	1.0
	237.1	1.0
21.- Exceptional expense		
a) costs and capital losses relating to operations with significant effects on the structure of the company	(13.3)	(12.0)
g) prior years' taxes	(0.5)	(1.4)
	(13.8)	(13.4)
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>223.3</b>	<b>(12.4)</b>
Result before taxes	78.0	40.8
22.- Current income taxes for the year, and deferred tax assets and liabilities	(20.1)	(35.5)
23.- Profit (loss) for the year	57.9	5.3
of which:		
- pertaining to the Parent Company	47.3	5.3
- pertaining to minority interests	10.6	-



# 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.

Reclassified statements including a reclassified balance sheet and income statement and cash flow statement are attached as supplementary schedules to the consolidated financial statements.

The consolidated balance sheet, income statement, notes and related schedules are expressed in millions of Euro.

The consolidated financial statements are prepared as at 31 December 2014, the year-end date for all consolidated companies.

The financial statements of consolidated companies are those approved by their relevant corporate bodies – modified as appropriate – to ensure consistency in the adoption of accounting policies.

In order to ensure consistency between the figures in the consolidated financial statements at 31 December 2014 and comparative figures for the prior year, certain line items have been reclassified.

The consolidated financial statements and the financial statements of the individual consolidated companies have been audited by PricewaterhouseCoopers SpA.

The reconciliation between Rai's separate and consolidated Group results and equity for 2014 and 2013 is presented on page 207.

## 2) Scope of consolidation

The scope of consolidation includes Rai and all companies in which the Parent Company Rai holds - directly or indirectly - the majority of voting rights at ordinary Shareholders' Meetings.

The following companies are consolidated on a line-by-line basis (figures for share capital are at 31 December 2014):

- *Rai Cinema SpA*; registered office in Rome, Piazza Adriana 12, share capital Euro 200,000,000.40; shareholders: Rai 100%.
- *Rai Com SpA (ex RaiNet)*; registered office in Rome, Via Novaro 18, share capital Euro 10,320,000; shareholders: Rai 100%. As previously noted, following transfer of the "commercial" business from the Parent Company to the company and transfer of the "internet" business from the company to the Parent Company, the company changed both its corporate name and corporate objective.
- *Rai Pubblicità SpA*; registered office in Turin, Via Cavalli 6, share capital Euro 10,000,000; shareholders: Rai 100%.
- *Rai Way SpA*; registered office in Rome, Via Teulada 66, share capital Euro 70,176,000; shareholders Rai 65.07353%, others 34.92647%. As previously noted, the Parent Company sold 34.92647% of its shareholding following admission for listing of the Company's shares on the Borsa Italiana (Italian Stock Exchange).

On 29 December 2014, with effect from 1 January 2014, the company Rai World SpA was merged through acquisition into Rai.

Investments in the following companies are valued using the equity method:

- *Audiradio Srl in liquidation*; registered office in Milan, Largo Toscanini 1, share capital Euro 258,000; shareholders: Rai 27%, others 73%.
- *Auditel Srl*; registered office in Milan, Largo Toscanini 1, share capital Euro 300,000; shareholders: Rai 33%, others 67%.
- *Euronews - Société Anonyme*; registered office in Lyon Ecully (France), 60 Chemin des Mouilles; share capital Euro 4,032,840; shareholders: Rai 20.56%, others 79.44%.
- *Rai Corporation - Italian Radio TV System in liquidation*; registered office c/o GC Consultants in New York, 444 Madison Avenue suite 1206; share capital US\$ 500,000; shareholders: Rai 100%.
- *San Marino RTV SpA*; registered office in the Republic of San Marino, Viale Kennedy 13; share capital Euro 516,460; shareholders: Rai 50%, E.Ra.S. 50%.
- *Tivù Srl*; registered office in Rome, Via di Villa Patrizi 8, share capital Euro 1,001,886; shareholders: Rai 48.16%, others 51.84%.

### 3) Consolidation principles

Consolidation principles may be summarised as follows:

- a) Investments in consolidated companies are accounted for through line-by-line consolidation of the total (regardless of percentage of ownership) assets and liabilities, costs and income of the entities to be consolidated, identifying separately within equity and net results for the period the shares due to any non-controlling interests, with any differences being taken directly to consolidated equity.
- b) Payables and receivables, income and expenditure, dividends and any other transactions between consolidated companies are eliminated.
- c) For consolidation purposes, the financial statements of consolidated companies have been brought into line with the accounting policies and methods described below.

### 4) Accounting policies

The following paragraphs describe the principal accounting policies and criteria adopted. The consolidated financial statements have been prepared on a going-concern basis 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 and there are no exceptional cases requiring derogation from the requirements of Article 2423-bis et seq. of the Civil Code.

- a) Industrial patents and intellectual property rights:

Programme acquisition and production costs, which comprise the external costs that can be allocated directly to each production and the cost of the internal resources used in the creation of individual programmes, are accounted for as follows:

- 1) Costs for repeat-use television productions are capitalised and reported as intangible assets. If such productions are usable at year-end, the costs are reported as industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such productions are not yet usable at year-end, the costs are reported as intangible assets under development and payments on account.

In view of objective difficulties encountered in establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of rights, (difficulties which are then further complicated by the many ways in which programmes can be used), the useful life of repeat-use programmes is estimated as follows:

- three years for television drama (fiction) productions or, more generally, 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 one-time-use television programmes are charged in the income statement in a single year, which is normally that in which they are used.  
More specifically:
  - *News, light entertainment and all radio programming.* Costs are charged in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
  - *Sports events.* Costs are charged in the year in which the event takes place.
  - *Documentaries, classical music and theatre.* Costs are charged in a single amount at the time the programmes are ready for broadcasting or the rights are usable.
- b) Software licences are reported under 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

## Notes to the Consolidated financial statements

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) Long term costs relating to third party property are reported under other intangible assets, net of accumulated amortisation. They relate to improvements to leased or licensed property and accessory charges on loans. Amortisation of such improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period that the improvements will provide benefit, 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 – reported net of accumulated depreciation – are recorded at cost as increased by any internal personnel costs incurred in preparing them to enter service and the effects of any revaluations carried out in accordance with relevant legislation. The costs of tangible assets, so determined, 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) Investments in non-consolidated subsidiaries and associated companies are valued using the equity method. Under this method investments are reported at a value equal to the corresponding share of the shareholders' equity resulting from the last financial statements, minus any dividends and after any adjustments required by the principles used in the preparation of the consolidated financial statements. The profit or loss for the year of the non-consolidated subsidiary or associated company, duly adjusted, is booked to the income statement in the year to which the result refers, on line D18 *Revaluation a) of equity investments* or on line D19 *Write-downs a) of equity investments*. For companies with negative shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Any net profit is posted to a specific non-distributable reserve until its realisation.
- h) Investments in other companies and shares in consortia are reported in the consolidated financial statements at cost, adjusted as appropriate for permanent losses in value. For companies with negative shareholders' equity, the cost of the investment 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 losses in value are reversed in the event that such losses are subsequently recovered through operating earnings by the investee company.
- i) Fixed-income securities are reported as non-current financial assets and 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 reported at the lower value. Should the reasons for the write-down made in previous years no longer apply, the assets are revalued within the limits of the amount of the write-down.
- k) Other securities included within 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, determined on a weighted average cost basis, written down as appropriate to reflect market trends and any estimated non-use due to obsolescence and/or slow turnover. Inventories of finished products and merchandise intended for resale (books, DVDs etc.) are reported at the lower of purchase cost, determined on a weighted average cost basis, and estimated realisable value as determined by market prices.
- m) Receivables are shown at their expected 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 individual debtors.
- n) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis with reference to the individual cases.
- o) Provisions for pension and similar liabilities, which comprise the provision for supplementary seniority



benefits, the retirement fund and the supplementary company pension fund as well as the supplementary indemnity and merit indemnity reserves for agents, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.

- p) The provision for taxes includes probable tax liabilities arising from the settlement of tax disputes and also includes deferred tax liabilities to reflect temporary timing differences which have resulted in lower current taxes. Where there is reasonable certainty that they will be recovered in the future, deferred tax assets relating to charges which are tax-deductible on a deferred basis and to tax losses are reported under Current Assets ("Deferred tax assets").
- q) 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.
- r) The provision for staff severance pay is determined in conformity with relevant legislation and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date, net of advances already paid.
- s) Payables are shown at nominal value.
- t) 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.
- u) Payments on account include advances paid by customers for services that have not yet been performed.
- v) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- 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 reported under tax payables, 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 the consolidation process, the tax effects of consolidation adjustments resulting in temporary timing differences on the Group's result have been recorded as deferred tax assets and liabilities.
- 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. Gains and losses arising from differences between the spot and future exchange rates for hedging transactions carried out through forward purchases of foreign currency and premiums paid in relation to options are taken to the income statement over the duration of the contract.

If the market value of contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.

- z) Collections are recorded by bank transaction date; payments are accounted for on the basis of the payment instruction date.

## 5) Balance Sheet

### Assets

#### Non-current assets

##### Intangible assets

Intangible assets include the cost of non-physical factors of production with lasting utility, net of amortisation and write-downs in the event of permanent impairment of value.

Intangible assets total Euro 864.1 million, a net increase of Euro 2.0 million with respect to the previous year representing the sum of new investment (Euro 443.9 million), the amortisation charge for the year (Euro 415.5 million), write-downs and eliminations (Euro 25.3 million) and disposals (Euro 1.1 million).

**Intangible assets****Schedule 1**

(millions of Euro)	12.31.2013 (a)				Changes during the year					12.31.2014			
	Cost	Writedowns	Amortisat.	Book value	Increases and capit.	Disposals (b)	Reclassif.	Writedowns/ Amortisat. Eliminations	Cost	Writedowns	Amortisat.	Book value	
Industrial patents and intellectual property rights:													
programmes (c)	1,186.5	(34.0)	(610.0)	542.5	298.2	-	148.5	(22.5)	(401.7) (d)	1,633.2	(31.2)	(1,037.0)	565.0
software (e)	9.9	-	(4.5)	5.4	4.2	(0.2)	0.4	-	(4.7)	13.9	-	(8.8)	5.1
	<b>1,196.4</b>	<b>(34.0)</b>	<b>(614.5)</b>	<b>547.9</b>	<b>302.4</b>	<b>(0.2)</b>	<b>148.9</b>	<b>(22.5)</b>	<b>(406.4)</b>	<b>1,647.1</b>	<b>(31.2)</b>	<b>(1,045.8)</b>	<b>570.1</b>
Concessions, licences, trademarks and similar rights													
digital terrestrial	40.5	-	(32.7)	7.8	-	-	-	-	(3.4)	40.5	-	(36.1)	4.4
other	0.2	-	(0.1)	0.1	-	-	-	-	-	0.2	-	(0.1)	0.1
	<b>40.7</b>	<b>-</b>	<b>(32.8)</b>	<b>7.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>40.7</b>	<b>-</b>	<b>(36.2)</b>	<b>4.5</b>
Intangible assets under development and payments on account:													
programmes (f)	286.7	-	-	286.7	133.9	(0.9)	(148.5)	(2.8)	-	268.4	-	-	268.4
software	0.6	-	-	0.6	2.7	-	(0.5)	-	-	2.8	-	-	2.8
long-term costs relating to third-party property	0.2	-	-	0.2	0.4	-	(0.1)	-	-	0.5	-	-	0.5
other	6.4	-	-	6.4	0.1	-	(0.5)	-	-	6.0	-	-	6.0
	<b>293.9</b>	<b>-</b>	<b>-</b>	<b>293.9</b>	<b>137.1</b>	<b>(0.9)</b>	<b>(149.6)</b>	<b>(2.8)</b>	<b>-</b>	<b>277.7</b>	<b>-</b>	<b>-</b>	<b>277.7</b>
Other:													
long-term costs relating to third-party property (g)	41.8	-	(34.6)	7.2	1.0	-	0.1	-	(2.2)	42.9	-	(36.8)	6.1
accessory charges on loans	4.9	-	(1.4)	3.5	1.4	-	-	-	(1.4)	6.3	-	(2.8)	3.5
other (h)	3.4	-	(1.7)	1.7	2.0	-	0.6	-	(2.1)	5.7	-	(3.5)	2.2
	<b>50.1</b>	<b>-</b>	<b>(37.7)</b>	<b>12.4</b>	<b>4.4</b>	<b>-</b>	<b>0.7</b>	<b>-</b>	<b>(5.7)</b>	<b>54.9</b>	<b>-</b>	<b>(43.1)</b>	<b>11.8</b>
<b>Total</b>	<b>1,581.1</b>	<b>(34.0)</b>	<b>(685.0)</b>	<b>862.1</b>	<b>443.9</b>	<b>(1.1)</b>	<b>-</b>	<b>(25.3)</b>	<b>(415.5)</b>	<b>2,020.4</b>	<b>(31.2)</b>	<b>(1,125.1)</b>	<b>864.1</b>

(a) Includes only values which, at 31 December 2013, are not fully amortised except "Other", which includes long-term charges on third-party assets which are fully amortised with leasing agreement in progress.

(b) Of which:

Cost	(1.3)
Amortisation	0.2
	<b>(1.1)</b>

(c) Programmes, with book values:

. not fully amortised	1,186.5	(34.0)	(610.0)	542.5						1,204.6	(31.2)	(608.4)	565.0
. fully amortised	552.4	-	(552.4)	-						428.6	-	(428.6)	-
	<b>1,738.9</b>	<b>(34.0)</b>	<b>(1,162.4)</b>	<b>542.5</b>						<b>1,633.2</b>	<b>(31.2)</b>	<b>(1,037.0)</b>	<b>565.0</b>

(d) net of the use of the provision for impairment of programmes in the amount of Euro 25.3 millions.

(e) With book values:

. not fully amortised	9.9	-	(4.5)	5.4						10.6	-	(5.5)	5.1
. fully amortised	3.9	-	(3.9)	-						3.3	-	(3.3)	-
	<b>13.8</b>	<b>-</b>	<b>(8.4)</b>	<b>5.4</b>						<b>13.9</b>	<b>-</b>	<b>(8.8)</b>	<b>5.1</b>

(f) Costs for the right to use intellectual property under production at 31.12.14 and not yet transferred by the end of December 2014 to non-current assets under amortisation, refer to rights becoming valid after 31.12.14 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.

(g) With book values:

. not fully amortised	41.8	-	(34.6)	7.2						42.1	-	(36.0)	6.1
. fully amortised	0.1	-	(0.1)	-						0.8	-	(0.8)	-
	<b>41.9</b>	<b>-</b>	<b>(34.7)</b>	<b>7.2</b>						<b>42.9</b>	<b>-</b>	<b>(36.8)</b>	<b>6.1</b>

(h) With book values:

. not fully amortised	3.4	-	(1.7)	1.7						4.6	-	(2.4)	2.2
. fully amortised	1.5	-	(1.5)	-						1.1	-	(1.1)	-
	<b>4.9</b>	<b>-</b>	<b>(3.2)</b>	<b>1.7</b>						<b>5.7</b>	<b>-</b>	<b>(3.5)</b>	<b>2.2</b>

As shown in schedule no. 1, intangible assets include the following:

**Industrial patents and intellectual property rights** amount to Euro 570.1 million and include:

- Euro 565 million for the cost of available-for-use television programmes and films, (reported in the financial statements of the Parent Company and Rai Cinema), representing a net increase of Euro 22.5 million compared to the figure at 31 December 2013. Such increase reflects the net effect of additions totalling Euro 446.7 million (of which Euro 148.5 million reclassified from intangible assets under development and payments on account for rights that became available during the year), write-downs to reflect the risk of non-transmission, repeatability and commercial exploitation of certain productions amounting to Euro 22.5 million and the amortisation charge for the year of Euro 401.7 million;
- Euro 5.1 million relating to software licences, a net decrease of Euro 0.3 million compared to the figure at 31 December 2013. In particular, such decrease reflects the net effect of additions totalling Euro 4.6 million (of which Euro 0.4 million reclassified from intangible assets under development and payments on account for rights that became available during the year), the amortisation charge for the year of Euro 4.7 million and disposals totalling Euro 0.2 million.

With regard to available-for-use television and film products, at 31 December 2014 the total value, gross of write-downs, may be split between:

- rights to television programmes, either owned or held under unlimited-term licences, amounting to Euro 236.0 million (Euro 213.1 million at 31 December 2013);
- rights to third-party television programmes held under fixed-term licences amounting to Euro 360.2 million (Euro 363.4 million at 31 December 2013).

Overall, investment in television programmes in 2014 amounts to Euro 432.1 million, including Euro 133.9 million in television programmes and films which were not yet available-for-use at 31 December 2014 and which are reported under Intangible assets under development and payments on account.

Review of investments at 31 December 2014 by type shows that, during 2014, Euro 269.6 million had been invested in television drama (fiction) programmes (series, miniseries, TV movies, soap operas etc.), Euro 105.3 million in films, Euro 20.7 million in cartoons and comedy programmes, Euro 14.9 million in football libraries, Euro 11.6 million in documentaries, Euro 7.5 million in classical music and theatre and Euro 2.5 million in other genres.

**Concessions, licences, trademarks and similar rights**, which are stated net of accumulated amortisation, include costs incurred for the acquisition of licences for digital terrestrial frequencies and own trademarks. They amount to Euro 4.5 million (Euro 7.9 million at 31 December 2013) of which Euro 4.4 million refer to digital network frequencies (Euro 7.8 million at 31 December 2013).

**Intangible assets under development and payments on account** amount to Euro 277.7 million and include:

- Euro 268.4 million for the cost of television programmes and films which are not yet available-for-use and therefore not subject to amortisation, representing a net reduction of Euro 18.3 million compared to the figure at 31 December 2013. In particular, such reduction reflects the net effect of additions (Euro 133.9 million), reclassification of items to Industrial patents and intellectual property rights as they relate to productions and/or purchases that became usable during the year (Euro 148.5 million), eliminations of unmade or unusable programmes (Euro 2.8 million) and disposals (Euro 0.9 million);
- Euro 2.8 million relating to software licences, representing a net increase of Euro 2.2 million compared with the figure at 31 December 2013. In particular, such increase reflects the net effect of additions (Euro 2.7 million), reclassification of items to Industrial patents and intellectual property rights as they relate to productions and/or purchases that became usable during the year (Euro 0.4 million) and other intangible assets (Euro 0.1 million) relating to internally developed software;
- Euro 0.5 million relating to alterations and improvements to property held under leasehold or concession, representing a net increase of Euro 0.3 million compared with the figure at 31 December 2013. Such increase reflects the net effect of additions (Euro 0.4 million) and reductions for amounts reclassified to other intangible assets (Euro 0.1 million);
- Euro 6.0 million relating to the purchase cost (accounted for in the financial statements of the Parent Company) of options on agreements for the commercial exploitation of products held in football libraries, representing a net decrease of Euro 0.4 million compared with the figure at 31 December 2013. Such decrease reflects the net effect of additions (Euro 0.1 million) and reductions for amounts reclassified to other intangible assets in relation to rights that became usable during the year (Euro 0.5 million).

With regard to television programmes and films that have not yet become available-for-use, the total of Euro 268.4 million includes:

- Euro 107.5 million relating to television programmes owned by the Company that were not yet ready at 31 December 2014 or for which usage rights began later than 31 December 2014 (Euro 125.1 million at 31 December 2013). This amount includes costs of Euro 9.0 million relating to the production of a long-running television drama (fiction) series which has been momentarily interrupted following problems with the production company. It is noted, in this regard, that a similar amount has been prudently included in the provision for risks of non-usability of non-current assets;
- Euro 160.9 million relating to third-party television programmes held under fixed-term concession, with rights commencing after 31 December 2014 (Euro 161.6 million at 31 December 2013).

**Other intangible assets** amount to Euro 11.8 million and include:

- Euro 6.1 million for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (Euro 7.2 million at 31 December 2013);
- Euro 3.5 million, net of accumulated amortisation, relating to charges on long-term loan agreements to be amortised over the duration of the agreements (Euro 3.5 million at 31 December 2013);
- Euro 1.8 million relating to investments in software programs and analyses (Euro 1.4 million at 31 December 2013). The increase reflects the net effect of additions (Euro 2.0 million), amounts reclassified from intangible assets under development and payments on account (Euro 0.1 million) and the amortisation charge for the year (Euro 1.7 million);
- Euro 0.4 million, net of accumulated amortisation based on the exploitation period, relating to the purchase cost (accounted for in the financial statements of the Parent Company) of options on agreements for the commercial exploitation of products held in football libraries (Euro 0.3 million at 31 December 2013).

## Tangible assets

Tangible assets comprise the costs and related revaluations of non-current tangible assets with a useful life of several years. They are reported net of standard depreciation and write-downs, as appropriate, for any lasting value impairments.

The standard depreciation rates applied are as follows:

- buildings and light structures from 3% to 10%
- plant and machinery from 9% to 50%
- industrial and sales equipment from 14.3% to 19%
- other assets from 12% to 25%

At 31 December 2014, tangible assets amount to Euro 618.3 million, representing a net reduction of Euro 32.4 million compared to the figure at 31 December 2013. Such reduction reflects the net effect of additions (Euro 85.7 million), depreciation (Euro 116.7 million), disposals (Euro 1.1 million) and reclassifications (Euro 0.3 million) as specified in Schedule 2.

## Tangible assets and accumulated depreciation

### Schedule 2

(millions of Euro)	12.31.2013					Changes during the year				12.31.2014				
	Costs	Revaluations	Writedowns	Accumulated depreciation	Book value	Increases and capitalis.	Reclassifications (a)	Net elimin. (b)	Depreciation	Costs	Revaluations	Writedowns	Accumulated depreciation	Book value
Land and buildings	627.3	582.9	(36.5)	(959.8)	213.9	5.1	4.5	(0.1)	(17.1)	635.0	582.9	(36.6)	(975.0)	206.3
Plant and machinery	1,929.7	8.2	-	(1,618.1)	319.8	48.2	42.5	(0.8)	(90.6)	1,995.7	8.1	(2.1)	(1,682.6)	319.1
Industrial and sales equipment	97.2	2.8	-	(91.7)	8.3	1.6	0.3	-	(3.0)	90.0	2.1	-	(84.9)	7.2
Other assets	122.8	0.9	-	(95.0)	28.7	4.4	1.2	-	(6.0)	124.2	1.0	-	(96.9)	28.3
Assets under construction and advances	80.0	-	-	-	80.0	26.4	(48.8)	(0.2)	-	57.4	-	-	-	57.4
<b>Total</b>	<b>2,857.0</b>	<b>594.8</b>	<b>(36.5)</b>	<b>(2,764.6)</b>	<b>650.7</b>	<b>85.7</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(116.7)</b>	<b>2,902.3</b>	<b>594.1</b>	<b>(38.7)</b>	<b>(2,839.4)</b>	<b>618.3</b>

(a) including:

. from provision for risks of non-usability of non-current assets to writedowns (Euro 2.2 million at 31 December 2014)	(2.7)
. accumulated depreciation of land relating to the risk of incurring environmental restoration costs	2.4
	(0.3)

(b) including:

. Costs	(37.1)
. Revaluations	(0.7)
. Depreciation	36.7
	(1.1)

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It is noted that additions, which reflect capital expenditure made during the year, include Euro 8.0 million in relation to the capitalisation of the cost of internal personnel engaged in the construction of buildings, plant and machinery.

As required by recently issued accounting standards adopted by the Group for the first time in the current consolidated financial statements, land (where significant) is reported separately from buildings in cases where this had not previously been the case.

Accumulated depreciation relating to land amounting to Euro 2.4 million at 31 December 2013 (an approximation of the risk of incurring environmental restoration costs, as permitted by the previous accounting standards) has been reclassified to a separate reserve and subsequently released to the income statement, based on an evaluation of the likelihood, considered to be remote, of incurring such liabilities.

The gross value of tangible asset revaluations, analysed in terms of relevant legislation is as follows:

- Euro 0.2 million in implementation of Law 823 of 19 December 1973;
- Euro 37.2 million in implementation of Law 576 of 2 December 1975 and Law 72 of 19 March 1983;
- Euro 57.4 million in implementation of Law 413 of 30 December 1991;
- Euro 499.3 million in implementation of Law 650 of 23 December 1996.

### Financial assets

Financial assets represent the cost of long-term financial investments and related revaluations, net of any write-downs as described in the comments below on the individual items.

Financial assets amount to Euro 17.3 million and include:

**Equity investments in non-consolidated subsidiaries** amount to Euro 3.3 million (Euro 2.9 million at 31 December 2013) and represent the entire shareholders' equity of Rai Corporation at the exchange rate in force at 31 December 2014.

**Equity investments in associated companies** 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. They include:

(millions of Euro)	Percentage holding		Book value	
	<b>12.31.2014</b>	12.31.2013	<b>12.31.2014</b>	12.31.2013
Audiradio	27%	27%	-	-
Auditel	33%	33%	0.7	0.5
Euronews	20.56%	20.56%	2.9	5.0
San Marino	50%	50%	2.1	2.2
Tivù	48.16%	48.16%	2.7	2.5
<b>Net value</b>			<b>8.4</b>	<b>10.2</b>

Equity investments in the associated companies are all held within the investment portfolio of Rai.

**Equity investments in other companies** amount to Euro 0.8 million and include:

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
Almaviva	0.3	0.3
Istituto Enciclopedia Treccani	0.5	0.5
Others	0.1	0.1
<b>Gross value</b>	<b>0.9</b>	<b>0.9</b>
Impairment provisions	(0.1)	(0.2)
<b>Net value</b>	<b>0.8</b>	<b>0.7</b>

**Receivables due from others** amount to Euro 2.5 million (Euro 2.4 million at 31 December 2013) and include:

- guarantee deposits of Euro 2.3 million;
- loans granted to employees for Euro 0.2 million, net of a provision for bad debts of Euro 0.2 million;
- other receivables booked for a gross value of Euro 0.2 million and fully provided against.

A breakdown of receivables due from others is provided in Schedule 3. Schedules 6 and 8 provide further details in relation to maturity, type and currency, and Schedule 7 provides a distribution by geographic area.

**Other securities** amount to Euro 2.3 million (Euro 2.4 million at 31 December 2013) and are entirely composed of collateral securities.

Further details are provided in Schedule 3.

### Financial assets - Receivables and other securities

### Schedule 3

(millions of Euro)	12.31.2013				Changes during the year				12.31.2014			
	Costs	Revaluations	Writedowns	Book value	Acquisitions Subscriptions Disburse.	Disposals Refunds (a)	Reclassifica- tions	Writedowns (-) Writebacks (+)	Costs	Revaluations	Writedowns	Book value
Receivables:												
Due from others:												
- guarantee deposits	2.1	-	-	2.1	0.3	(0.1)	-	-	2.3	-	-	2.3
- employees	0.5	-	(0.2)	0.3	0.1	-	(0.2)	-	0.4	-	(0.2)	0.2
- other	0.2	-	(0.2)	-	-	-	-	-	0.2	-	(0.2)	-
	<b>2.8</b>	<b>-</b>	<b>(0.4)</b>	<b>2.4</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>-</b>	<b>2.9</b>	<b>-</b>	<b>(0.4)</b>	<b>2.5</b>
Other securities	2.4	-	-	2.4	-	-	-	(0.1)	2.4	-	(0.1)	2.3
<b>Total</b>	<b>5.2</b>	<b>-</b>	<b>(0.4)</b>	<b>4.8</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>5.3</b>	<b>-</b>	<b>(0.5)</b>	<b>4.8</b>

## Current assets

### Inventories

Inventories amount to Euro 2.6 million net of the write-down provision (Euro 2.8 million at 31 December 2013). As shown in Schedule 4, inventories include:

- *Raw materials, supplies and consumables*: these amount to Euro 1.0 million net of the write-down provision for Euro 12.5 million. 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 Euro 0.2 million (in Rai Way's financial statements) and relates to costs incurred in the development of the Isoradio network.
- *Finished goods and merchandise*: these amount to Euro 1.4 million and relate mainly to inventories for the books and periodicals business, the home video distribution business and for inventories of items acquired in exchange for advertising.

### Inventories

Schedule 4

(millions of Euro)	12.31.2013	Changes during the year		12.31.2014
		Increases (+) Reductions (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	14.1	(0.6)	-	13.5
Writedown provision	(12.9)	-	0.4	(12.5)
	1.2	(0.6)	0.4	1.0
Contract work in progress	0.2	-	-	0.2
Finished products and merchandise	1.4	-	-	1.4
<b>Total</b>	<b>2.8</b>	<b>(0.6)</b>	<b>0.4</b>	<b>2.6</b>



## Receivables

Receivables amount to Euro 766.3 million, an increase of Euro 28.7 million with respect to 31 December 2013. Schedule 5 provides a breakdown of receivables and Schedules 6 and 8 provide further details in relation to maturity, type and currency. Their distribution by geographic area is shown in Schedule 7.

### Receivables

### Schedule 5

(millions of Euro)	12.31.2013	Changes during the year			12.31.2014
		Balance of entries (+) repayments (-)	Use/release	Allocation to provisions	
<b>Customers</b>					
. government and other public entities for public broadcasting services	78.6	14.6	-	-	93.2
. net receivables for licence fees	10.4	(10.4)	-	-	-
. other receivables	456.5	(12.5)	-	-	444.0
<i>less</i>					
. bad debts provision	(56.0)	-	7.7	(3.4)	(51.7)
	<b>489.5</b>	<b>(8.3)</b>	<b>7.7</b>	<b>(3.4)</b>	<b>485.5</b>
<b>Associated companies</b>					
. San Marino RTV	0.1	-	-	-	0.1
. Tivù	0.2	0.1	-	-	0.3
	<b>0.3</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.4</b>
<b>Tax receivables</b>	<b>60.3</b>	<b>34.9</b>	<b>-</b>	<b>-</b>	<b>95.2</b>
<b>Deferred tax assets</b>	<b>40.9</b>	<b>14.0</b>	<b>-</b>	<b>-</b>	<b>54.9</b>
<b>From others</b>					
. future sports events	77.8	(28.0)	-	-	49.8
. payments on account to suppliers, collaborators, agents	19.1	9.9	-	-	29.0
. advances on commercial activities	21.7	0.8	-	-	22.5
. social security departments	19.8	0.5	-	-	20.3
. personnel	9.2	1.8	-	-	11.0
. other	13.4	(1.7)	-	-	15.1
<i>less</i>					
. bad debts provision	(14.4)	-	0.5	(3.5)	(17.4)
	<b>146.6</b>	<b>(13.3)</b>	<b>0.5</b>	<b>(3.5)</b>	<b>130.3</b>
<b>Total</b>	<b>737.6</b>	<b>27.4</b>	<b>8.2</b>	<b>(6.9)</b>	<b>766.3</b>

Notes to the Consolidated financial statements

**Receivables, accrued income and prepaid expenses by maturity and type** *Schedule 6*

(millions of Euro)	31.12.2014				12.31.2013			
	Amounts due				Amounts due			
	within following year	from 2 to 5 following year	after 5 years	Book value	within following year	from 2 to 5 following year	after 5 years	Book value
<b>Non-current financial receivables</b>								
from others	0.2	1.4	0.9	2.5	0.2	1.0	1.2	2.4
	0.2	1.4	0.9	2.5	0.2	1.0	1.2	2.4
<b>Current receivables</b>								
Financial receivables	-	-	-	-	-	-	-	-
<b>Trade and other receivables</b>								
Customers	479.6	5.9	-	485.5	486.5	3.0	-	489.5
Associated companies	0.4	-	-	0.4	0.3	-	-	0.3
Tax receivables	78.0	17.2	-	95.2	43.0	17.3	-	60.3
Deferred tax assets	54.9	-	-	54.9	40.9	-	-	40.9
Due from others:								
- future sports events	10.9	38.9	-	49.8	55.2	22.6	-	77.8
- advances on commercial activities	0.3	11.4	-	11.7	0.4	10.6	-	11.0
- other	59.3	9.5	-	68.8	53.8	4.0	-	57.8
	683.4	82.9	-	766.3	680.1	57.5	-	737.6
<b>Accrued income and prepaid expenses</b>								
Accrued income	29.7	-	-	29.7	28.5	-	-	28.5
<b>Total</b>	<b>713.3</b>	<b>84.3</b>	<b>0.9</b>	<b>798.5</b>	<b>708.8</b>	<b>58.5</b>	<b>1.2</b>	<b>768.5</b>

**Receivables - Distribution by geographical area***Schedule 7*

(millions of Euro)	12.31.2014				12.31.2013			
	Italy	EU	Non-EU	Book value	Italy	EU	Non-EU	Book value
<b>Non-current financial receivables</b>								
other	2.3	0.2	..	2.5	2.3	0.1	..	2.4
	2.3	0.2	..	2.5	2.3	0.1	..	2.4
<b>Current receivables</b>								
customers	470.0	7.5	8.0	485.5	473.1	8.9	7.5	489.5
associated companies	0.3	-	0.1	0.4	0.2	-	0.1	0.3
tax receivables	95.2	-	-	95.2	60.3	-	-	60.3
deferred tax assets	54.9	-	-	54.9	40.9	-	-	40.9
other								
- future sports events	38.8	4.7	6.3	49.8	24.0	8.4	45.4	77.8
- advances on commercial activities	11.7	-	-	11.7	11.0	-	-	11.0
- other	59.6	8.7	0.5	68.8	53.6	3.6	0.6	57.8
	730.5	20.9	14.9	766.3	663.1	20.9	53.6	737.6
<b>Total</b>	<b>732.8</b>	<b>21.1</b>	<b>14.9</b>	<b>768.8</b>	<b>665.4</b>	<b>21.0</b>	<b>53.6</b>	<b>740.0</b>

**Receivables, cash and cash equivalents and accrued income  
in foreign currency or exposed to exchange rate risk**

Schedule 8

(millions of Euro)	12.31.2014				12.31.2013			
	In Euros	In foreign currency or exposed to exchange rate risk	Bad debt provision	Book value	In Euros	In foreign currency or exposed to exchange rate risk	Bad debt provision	Book value
<b>Non-current financial receivables</b>								
other	2.8	0.1	(0.4)	2.5	2.8	-	(0.4)	2.4
	<b>2.8</b>	<b>0.1</b>	<b>(0.4)</b>	<b>2.5</b>	<b>2.8</b>	<b>-</b>	<b>(0.4)</b>	<b>2.4</b>
<b>Current receivables</b>								
customers	533.7	3.5	(51.7)	485.5	541.5	4.0	(56.0)	489.5
associated companies	0.4	-	-	0.4	0.3	-	-	0.3
tax receivables	95.2	-	-	95.2	60.3	-	-	60.3
deferred tax assets	54.9	-	-	54.9	40.9	-	-	40.9
other:								
- future sports events	43.8	6.0	-	49.8	68.8	9.0	-	77.8
- advances on commercial activities	22.5	-	(10.8)	11.7	21.7	-	(10.7)	11.0
- other	74.8	0.6	(6.6)	68.8	61.1	0.4	(3.7)	57.8
	<b>825.3</b>	<b>10.1</b>	<b>(69.1)</b>	<b>766.3</b>	<b>794.6</b>	<b>13.4</b>	<b>(70.4)</b>	<b>737.6</b>
<b>Cash and cash equivalents</b>								
Bank and post office deposits	122.6	5.7	-	128.3	3.5	3.2	-	6.7
Cash and cash equivalents on hand	0.3	-	-	0.3	0.4	-	-	0.4
	<b>122.9</b>	<b>5.7</b>	<b>-</b>	<b>128.6</b>	<b>3.9</b>	<b>3.2</b>	<b>-</b>	<b>7.1</b>
<b>Accrued income</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>951.0</b>	<b>15.9</b>	<b>(69.5)</b>	<b>897.4</b>	<b>801.3</b>	<b>16.6</b>	<b>(70.8)</b>	<b>747.1</b>

**Receivables due from customers** are trade receivables. They amount to Euro 485.5 million, representing a nominal value of Euro 537.2 million which has been written down by Euro 51.7 million to bring them to their estimated realisable value. Receivables from customers are Euro 4.0 million lower than at 31 December 2013.

Receivables due from customers may be further analysed as follows:

- *receivables due from Rai Pubblicità customers for sale of advertising services* amounting to Euro 249.4 million, an increase of Euro 24.4 million with respect to 31 December 2013. This item includes some Euro 47.6 million relating to receivables sold to factoring companies with recourse;
- *receivables due from government and other public entities for public broadcasting services*. As shown in the following table, these amount to a nominal value of Euro 93.2 million. The increase of Euro 14.6 million with respect to 31 December 2013 is explained by the combined effect of the increase in invoices issued and amounts accrued for 2013 and the reduction in receipts;

### ***Receivables for services rendered to the Government and to other public entities under specific agreements***

(millions of Euro)	<b>2014</b>	2013
<b>Prime Minister's Office:</b>		
- Operating grant to be transferred to San Marino RTV	3.1	3.1
- Radio, television and multimedia offering for the foreign market	6.7	13.0
- Broadcasting from Trieste in Slovenian	11.4	11.4
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	2.1	2.1
<b>Total Prime Minister's Office</b>	<b>23.3</b>	<b>29.6</b>
<b>Ministries:</b>		
- Economy and Finance: management of television licence fee collection	21.7	21.5
<b>Regions and Provinces:</b>		
- Autonomous province of Bolzano: Radio and television broadcasts in German and Ladin in the autonomous province of Bolzano	39.2	18.9
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	9.0	8.6
<b>Total</b>	<b>93.2</b>	<b>78.6</b>

- *other receivables* amounting to Euro 194.6 million, a decrease of Euro 36.9 million with respect to 31 December 2013. The most significant of these include receivables due from customers of Rai for the sale of rights and various services totalling Euro 51.8 million, receivables due from customers of Rai Com totalling Euro 88.3 million, receivables due from customers of Rai Cinema totalling Euro 42.9 million and receivables due from customers of Rai Wway totalling Euro 11.6 million.

**Receivables from associated companies** amounting to Euro 0.4 million (Euro 0.3 million at 31 December 2013). These represent the sum of non-financial receivables due from San Marino RTV and Tivù which are accounted for in the financial statements of the Parent Company.

**Tax receivables** amounting to Euro 95.2 million (Euro 60.3 million at 31 December 2013). These relate for the most part to tax receivables recorded in the financial statements of the Parent Company (Euro 94.2 million) for Group VAT (Euro 53.8 million), for IRES deriving from the deductibility of IRAP relating to personnel costs and similar (Euro 21.8 million), VAT reimbursement requested (Euro 13.4 million), for an IRAP credit (Euro 3.3 million) and for other tax reimbursements requested (Euro 1.9 million). The remainder relates to tax receivables included in the financial statements of the other Group companies.

**Deferred tax assets** amounting to Euro 54.9 million (Euro 40.9 million at 31 December 2013). Such assets arise as a result of timing differences in the tax deductibility of certain costs and include deferred tax assets recorded in the financial statements of the individual companies (Euro 53.9 million) and deferred tax assets from consolidation adjustments (Euro 1.0 million). As detailed in Schedule 9, deferred tax assets increased by Euro 14.0 million with respect to the previous year end. The most significant items are:

- Euro 44.0 million included in the financial statements of the Parent Company;
- Euro 5.0 million included in the financial statements of Rai Way;
- Euro 3.7 million included in the financial statements of Rai Com;
- Euro 0.8 million included in the financial statements of Rai Pubblicità;
- Euro 0.4 million included in the financial statements of Rai Cinema.

## Deferred tax assets

Schedule 9

(millions of Euro)	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed (average) at 4.8% year 2013 4.7% year 2014	
<b>Balance at 12.31.2013:</b>					
Tax loss	80.0	22.0	-	-	22.0
Writedown of programmes	24.2	6.6	34.0	1.7	8.3
Writedown of non-current tangible assets	-	-	3.0	0.1	0.1
New accruals	8.9	2.5	40.4	2.0	4.5
Statutory/fiscal difference on amortisation of programmes	16.3	4.5	-	-	4.5
Statutory/fiscal difference on depreciation of non-current tangible assets	0.9	0.3	-	-	0.3
Deferred tax assets from consolidation adjustments	3.3	0.8	3.3	0.2	1.0
Other	0.8	0.2	0.6	-	0.2
<b>Total</b>	<b>134.4</b>	<b>36.9</b>	<b>81.3</b>	<b>4.0</b>	<b>40.9</b>
<b>Changes during the year:</b>					
Negative taxable amount: alignment with previous year	0.4	0.1	-	-	0.1
Negative taxable amount for the year - Parent Company	118.7	32.6	-	-	32.6
Tax loss brought forward - Rai Com	9.7	2.7	-	-	2.7
Writedown of programmes	13.6	3.8	(32.3)	(1.6)	2.2
Writedown of non-current tangible assets	-	-	(3.0)	(0.1)	(0.1)
New accruals	10.6	2.9	(26.0)	(1.4)	1.5
Statutory/fiscal difference on amortisation of programmes	7.1	2.0	-	-	2.0
Statutory/fiscal difference on depreciation of non-current tangible assets	(0.9)	(0.3)	-	-	(0.3)
Deferred tax assets from consolidation adjustments	(0.3)	-	(0.3)	-	-
Other	(0.8)	(0.2)	(0.6)	-	(0.2)
<b>Changes having effect on income</b>	<b>158.1</b>	<b>43.6</b>	<b>(62.2)</b>	<b>(3.1)</b>	<b>40.5</b>
Compensation of taxable amounts by effect of the consolidated taxation arrangement	(80.4)	(22.1)	-	-	(22.1)
Transformation into tax receivables					
Writedown of programmes	(8.9)	(2.4)	-	-	(2.4)
Statutory/fiscal difference on amortisation of programmes	(7.0)	(2.0)	-	-	(2.0)
<b>Changes having effect on equity only</b>	<b>(96.3)</b>	<b>(26.5)</b>	<b>-</b>	<b>-</b>	<b>(26.5)</b>
<b>Total changes</b>	<b>61.8</b>	<b>17.1</b>	<b>(62.2)</b>	<b>(3.1)</b>	<b>14.0</b>
<b>Balance at 12.31.2014:</b>					
Negative taxable amount for the year - Parent Company	118.7	32.6	-	-	32.6
Tax loss brought forward - Rai Com	9.7	2.7	-	-	2.7
Writedown of programmes	28.9	8.0	1.7	0.1	8.1
Writedown of non-current tangible assets	-	-	-	-	-
New accruals	19.5	5.4	14.4	0.6	6.0
Statutory/fiscal difference on amortisation of programmes	16.4	4.5	-	-	4.5
Statutory/fiscal difference on depreciation of non-current tangible assets	-	-	-	-	-
Deferred tax assets from consolidation adjustments	3.0	0.8	3.0	0.2	1.0
Other	-	-	-	-	-
<b>Total</b>	<b>196.2</b>	<b>54.0</b>	<b>19.1</b>	<b>0.9</b>	<b>54.9</b>

**Receivables due from others** amounting to Euro 130.3 million (146.6 million at 31 December 2013) net of a bad debt provision of Euro 17.4 million. These include:

- *receivables due from suppliers* amounting to Euro 49.8 million. These relate to advance payments made for filming rights at future sports events;
- *receivables due in relation to payments on account to suppliers, collaborators and agents* amounting to Euro 29.0 million;
- *receivables due from suppliers* amounting to Euro 22.5 million. These relate to guaranteed minimums advanced in relation to commercial initiatives;
- *receivables due from social security departments* amounting to Euro 20.3 million. These relate mainly to advance payments made against contributions payable in relation to artistic and other activities;
- *receivables due from personnel* amounting to Euro 11.0 million. For the main part, these include amounts receivable in relation to employment disputes, travel advances and advances for production expenses;
- *receivables due from others* amounting to Euro 15.1 million. The item includes receivables in compliance with Law 89/2014.

### Cash and cash equivalents

Cash and cash equivalents amount to Euro 128.6 million (Euro 7.1 million at 31 December 2013) and relate mainly to the Parent Company which manages the central treasury service. They include:

- Bank and post office deposits amounting to Euro 128.3 million (Euro 6.7 million at 31 December 2013). These represent available balances on deposit or current accounts with banks, financial institutions and the Post Office.
- Cash and cash equivalents on hand amounting to Euro 0.3 million (Euro 0.4 million at 31 December 2013). These include liquid funds in the form of cash and equivalent instruments (tax stamps, cashier's cheques or bank-guaranteed cheques etc.) held at 31 December 2014.

Schedule 8 provides a breakdown of cash and cash equivalents in Euro and other currencies. Schedule 20 provides details of sums held by banks or the post office which are unavailable to the Group as a result of seizure orders.

### Accrued income and prepaid expenses

Accrued income and prepaid expenses total Euro 29.7 million (Euro 28.5 million at 31 December 2013) and consist of prepaid expenses for Euro 29.7 million and accrued income for an insignificant amount.

Further details are provided in Schedule 10.

### Accrued income and prepaid expenses

Schedule 10

(millions of Euro)	Changes during the year		
	12.31.2013	Balance of mov.	12.31.2014
Prepaid expenses:			
. sporting events filming rights	20.3	2.9	23.2
. software licenses	4.1	(0.5)	3.6
. rent and hire costs	2.2	(0.6)	1.6
. maintenance and repairs	0.3	(0.1)	0.2
. commissions on sureties	0.2	0.1	0.3
. insurance and accident prevention	0.3	(0.2)	0.1
. services for acquisition and production of programmes	0.2	(0.2)	-
. other	0.9	(0.2)	0.7
<b>Total</b>	<b>28.5</b>	<b>1.2</b>	<b>29.7</b>

## Liabilities

### Shareholders' equity

Shareholders' equity amounts to Euro 398.1 million, an increase of Euro 101.9 million with respect to 31 December 2013, mainly due to profit for the year attributable to the Group of Euro 47.3 million and to the sale of a share in the net equity in Rai Way to third parties for an amount of Euro 54.6 million (of which Euro 10.6 million is included in the result for the current period).

A breakdown of shareholders' equity and the effects of operations carried out in 2014 and in the previous year are shown in Schedule 11.

### Changes in consolidated shareholders' equity

Schedule 11

(millions of Euro)	Balance at 12.31.2012	Transfer result	Dividends	Other movements	Differences conversion	Result for year	Balance at 12.31.2013	Transfer result	Dividends	Other movements	Differences conversion	Change in scope of consolid.	Result for year	Balance at 12.31.2014
<b>Equity:</b>														
<b>Group equity:</b>														
Share Capital	242.5						242.5							242.5
Legal reserve	9.0						9.0	0.2						9.2
Other reserves:														
- Non-distributable reserve from revaluation of investments	111.7	(111.7)					-	4.1		(4.1)				-
- Distributable reserve from revaluation of investments	-						-			4.1				4.1
- Merger surplus	138.7	(133.4)					5.3							5.3
- Reserve for conversion differences	(0.8)						(0.8)							(0.8)
- Other reserves	34.4	0.5					34.9	1.0						35.9
Group profit (loss) for the year	(244.6)	244.6				5.3	5.3	(5.3)					47.3	47.3
<b>Total Group equity</b>	<b>290.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.3</b>	<b>296.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47.3</b>	<b>343.5</b>
<b>Minority interests:</b>														
Minority interests - capital and reserves	-						-					44.0		44.0
Minority interests - profit (loss) for the year	-						-						10.6	10.6
<b>Total equity of minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.0</b>	<b>10.6</b>	<b>54.6</b>
<b>Total Shareholders' equity</b>	<b>290.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.3</b>	<b>296.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.0</b>	<b>57.9</b>	<b>398.1</b>

### Share capital

At 31 December 2014, Rai's fully paid-in and subscribed share capital was represented by 242,518,100 ordinary shares with a par value of Euro 1 each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of total share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of total share capital).

### Legal reserve

A legal reserve amounting to Euro 9.2 million is included in the financial statements of the Parent Company.

### Other reserves

Other reserves total Euro 44.5 million and include:

- a merger surplus of Euro 5.3 million;
- a distributable reserve from revaluation of investments of Euro 4.1 million;
- other reserves amounting to Euro 35.1 million.

## Notes to the Consolidated financial statements

**Profit for the year attributable to the Group**

Profit for the year attributable to the Group amounts to Euro 47.3 million.

**Third party equity**

Capital and reserves attributable to third parties amount to Euro 44.0 million and relate to Rai Way.

**Profit for the year attributable to third parties**

Profit for the year attributable to third parties amounts to Euro 10.6 million and relates to the minority interest in Rai Way as re-stated in accordance with the accounting policies adopted by the Rai Group.

**Provisions for risks and charges**

Provisions for risks and charges amount to Euro 376.1 million, a net increase of Euro 12.8 million with respect to 31 December 2013. Schedule 12 provides a breakdown of this item and details of the aforementioned net increase. The following notes provide additional information on the individual provisions.

**Provisions for risks and charges***Schedule 12*

(millions of Euro)	12.31.2013	Changes during the year				12.31.2014
		Provisions	Direct utilisations	Absorptions in income statement	Reclassifications and other movements	
<b>Provision for pension and similar liabilities</b>						
- Provision for supplementary seniority benefits	0.8	-	(0.1)	-	-	0.7
- Retirement fund	0.1	-	-	-	-	0.1
- Supplementary company pension fund	142.4	9.0	(11.1)	-	-	140.3
- ISC ICM Agents	2.6	0.3	(0.2)	(0.1)	-	2.6
	<b>145.9</b>	<b>9.3</b> (a)	<b>(11.4)</b>	<b>(0.1)</b>	-	<b>143.7</b>
<b>Provision for taxes</b>	6.2	-	(0.4) (b)	-	-	5.8
Other:						
- litigation	112.7	14.0 (c)	(18.5)	(5.0)	-	103.2
- staff resignation incentives	1.7	-	(0.2)	-	(1.3)	0.2
- accrued costs	5.8	6.5 (d)	(0.9)	(2.8)	-	8.6
- renovation and restructuring of properties	17.2	-	(0.9)	-	-	16.3
- litigation with social security institutions	12.0	-	-	-	-	12.0
- risks of non-usability of non-current assets (*)	13.9	0.3 (e)	(0.5)	-	(2.7)	11.0
- lease disputes	3.5	0.1 (f)	-	-	-	3.6
- disputes with controlling bodies	1.5	-	-	-	-	1.5
- concession rights for 2014	-	25.3 (e)	-	-	-	25.3
- utilization of football teams rights	5.7	5.5 (f)	-	-	-	11.2
- miscellaneous:						
. for risks	22.8	4.5 (g)	(2.4)	(5.7)	2.4	21.6
. for charges	14.4	3.1 (h)	(1.8)	(3.6)	-	12.1
	<b>211.2</b>	<b>59.3</b>	<b>(25.2)</b>	<b>(17.1)</b>	<b>(1.6)</b>	<b>226.6</b>
<b>Total</b>	<b>363.3</b>	<b>68.6</b>	<b>(37.0)</b>	<b>(17.2)</b> (i)	<b>(1.6)</b>	<b>376.1</b>
(*) including						
- programmes under development	9.0					9.0
- technical	4.9					2.0
	<b>13.9</b>					<b>11.0</b>
(a) contra-account:	item B 14 c) other operating costs	9.0	(f) contra-account:	item B 12 provisions for risks		
	item B 7 services	0.3	(g) contra-accounts:	item B 12 provisions for risks	4.2	
(b) contra-account:	item E 22 income taxes for the year			item E 21 a) exceptional expense	0.3	
(c) contra-accounts:	item B 12 provisions for risks	4.6	(h) contra-accounts:	item B 13 other provisions	1.6	
	item B 7 services	0.1		item E 21 g) taxes relating to prior years	0.3	
	item B 9 e) other personnel costs	9.3		item B 7 services	0.9	
(d) contra-accounts:	item B 9 a) wages and salaries	5.1		item B 9 a) wages and salaries	0.3	
	item B 9 b) welfare and social security charge	1.4	(i) contra-account:	item A 5 c) other revenues and different income		
(e) contra-account:	item B 13 other provisions					



**Provision for pension and similar liabilities:** this amounts to Euro 143.7 million (Euro 145.9 million at 31 December 2013) and comprises the supplementary seniority benefits provision, the retirement benefits provision, the company supplementary pension fund and as well as the supplementary indemnity and merit indemnity reserves for agents.

- The *provision for supplementary seniority benefits* amounts to Euro 0.7 million (Euro 0.8 million at 31 December 2013). It represents sums owed in respect of indemnities in lieu of notice to 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 line with the consumer price inflation index applicable to the families of workers and employees. In the event of early termination of employment, or change in the nature of employment, the amounts accrued are released.
- The *retirement fund* amounts to Euro 0.1 million (Euro 0.1 million at 31 December 2013). It includes amounts accrued up to 31 December 1988 and related annual revaluations accounted for in subsequent periods to protect the real value of the provision for eligible Rai employees in accordance with the terms of the national collective labour agreement.
- The *supplementary company pension fund* amounts to Euro 140.3 million (Euro 142.4 million at 31 December 2013). Its function is to cover supplementary pension benefits being paid to those employees who, in the past, had opted for the supplementary pension plan under the relevant trade union agreements in force at the time. The fund is kept at an adequate level, with reference to an actuarial calculation, to ensure said benefits in future.
- The *supplementary indemnity reserve for agents (ISC)* includes provisions for amounts to be paid to agents on termination of their contracts, whether at the natural contract termination date or other date decided by the company. The amount is based on total commissions due to the agent at the contract termination date.
- The *merit indemnity reserve for agents (ICM)* includes provisions for amounts to be paid to agents in addition to the supplementary indemnity reserve and is based on development of the customer portfolio or increase in business with the existing customer base.

**Provisions for taxes.** The provision for taxes amounts to Euro 5.8 million (Euro 6.2 million at 31 December 2013). It reflects provisions accounted for in the financial statements of the individual Group companies, in particular Rai (Euro 2.1 million), Rai Pubblicità (Euro 2.7 million) and Rai Way (Euro 0.5 million) and provisions relating from consolidation adjustments (Euro 0.5 million). The provision for taxes is Euro 0.4 million lower than at the previous year-end as detailed in Schedule 13.

## Provisions for taxes

## Schedule 13

(millions of Euro)	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed (average) at 4.8% year 2013 4.7% year 2014	
Balance at 12.31.2013:					
Disputes					2.9
Capital gains	1.1	0.3	-	-	0.3
Statutory/fiscal difference on amortisation/depreciation of non-current assets	8.1	2.2	-	-	2.2
Deferred taxes from consolidation adjustments	1.7	0.4	1.7	0.1	0.5
Other	0.8	0.3	-	-	0.3
<b>Total</b>	<b>11.7</b>	<b>3.2</b>	<b>1.7</b>	<b>0.1</b>	<b>6.2</b>
Changes during the year:					
Disputes					0.2
Capital gains	(0.5)	(0.2)	-	-	(0.2)
Statutory/fiscal difference on amortisation/depreciation of non-current assets	(1.8)	(0.4)	-	-	(0.4)
Deferred taxes from consolidation adjustments	0.6	-	0.6	-	-
Other	0.4	-	-	-	-
<b>Total</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>0.6</b>	<b>-</b>	<b>(0.4)</b>
Balance at 12.31.2014:					
Disputes					3.1
Capital gains	0.6	0.1	-	-	0.1
Statutory/fiscal difference on amortisation/depreciation of non-current assets	6.3	1.8	-	-	1.8
Deferred taxes from consolidation adjustments	2.3	0.4	2.3	0.1	0.5
Other	1.2	0.3	-	-	0.3
<b>Total</b>	<b>10.4</b>	<b>2.6</b>	<b>2.3</b>	<b>0.1</b>	<b>5.8</b>

**Other provisions.** Other provisions total Euro 226.6 million (Euro 211.2 million at 31 December 2013) and represent 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. Other provisions are Euro 15.4 million higher than at the previous year-end as detailed in Schedule 12.

As regards pending litigation with employees and third parties, the amount included in the provisions for risks and charges is considered to be the best estimate of the likely liability based on the most up-to-date information available.

### Provision for staff severance pay

The provision for staff severance pay amounts to Euro 275.6 million (Euro 283.9 million at 31 December 2013). The provision is determined at individual level in compliance with 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 of 1 January 2007.

In accordance with such legislation, amounts provided for staff severance pay are credited to pension funds outside the company, unless employees request that their severance pay continue to mature within the company. In this latter case, amounts provided are paid into a reserve managed by the INPS, which is then required, as provided by Article 2120 of the Civil Code, to refund the company for any benefits disbursed in advance or in the case of termination of the employment contract.

Schedule 14 provides a breakdown of the item and changes during the year.

## Provisions for staff severance pay

Schedule 14

(millions of Euro)		Changes during the year					31.12.2014
31.12.2013	Provisions	Severance pay disbursed	Advances	Staff transfers	Transfers to INPS supplementary retirement fund	Other movements	
283.9	47.4	(12.1)	-	-	(43.3)	(0.3)	275.6

## Payables

Payables amount to Euro 1,355.9 million, an increase of Euro 22.1 million overall with respect to 31 December 2013. In particular, financial payables due to banks total Euro 436.6 million, a net decrease of Euro 7.1 million with respect to the figure in the 2013 financial statements. None of the payables are secured against company assets.

Schedule 15 provides a breakdown of payables, while Schedules 16 and 17 provide further details of payables by maturity, type and currency.

In terms of geographic distribution, approximately 96% of total payables relate to parties resident in Italy, a further 2% to EU residents and a final 2% relates to non-EU residents.

The following notes provide further details in relation to the individual items.

**Payables****Schedule 15**

(millions of Euro)	Changes during the year		<b>12.31.2014</b>
	12.31.2013	Balance of new positions (+) and repayments (-)	
Due to banks	443.7	(7.1)	436.6
Due to other lenders	0.7	2.6	3.3
Advances	7.5	29.7	37.2
Suppliers	660.4	0.5	660.9
Non-consolidated subsidiaries (a)	3.1	0.4	3.5
Associated companies (b)	4.1	(0.1)	4.0
Tax payables	69.1	3.7	72.8
Welfare and Social security institutions	79.8	0.6	80.4
Other payables	65.4	(8.2)	57.2
	<b>1,333.8</b>	<b>22.1</b>	<b>1,355.9</b>
(a) including:			
- Rai Corporation in liquidation	3.1	0.4	3.5
(b) including:			
- San Marino RTV SpA	3.6	(0.2)	3.4
- Tivù Srl	0.5	0.1	0.6
	<b>4.1</b>	<b>(0.1)</b>	<b>4.0</b>

Notes to the Consolidated financial statements

**Payables and accrued expenses and deferred income, by maturity and type** *Schedule 16*

(millions of Euro)	<b>12.31.2014</b>				12.31.2013			
	Amount due				Amount due			
	within 1 year	from 2 to 5 years	more than 5 years	Book value	within 1 year	from 2 to 5 years	more than 5 years	Book value
<b>M/L-term financial payables</b>								
Due to banks	98.4	311.7	15.5	425.6	98.4	172.8	25.3	296.5
Due to other lenders	0.1	0.3	0.2	0.6	0.1	0.3	0.3	0.7
	<b>98.5</b>	<b>312.0</b>	<b>15.7</b>	<b>426.2</b>	<b>98.5</b>	<b>173.1</b>	<b>25.6</b>	<b>297.2</b>
<b>Short-term financial payables</b>								
Due to banks	11.0	-	-	11.0	147.2	-	-	147.2
Due to other lenders	2.7	-	-	2.7	-	-	-	-
Non-consolidated subsidiaries	3.5	-	-	3.5	3.1	-	-	3.1
Associated companies	0.3	-	-	0.3	0.5	-	-	0.5
	<b>17.5</b>	<b>-</b>	<b>-</b>	<b>17.5</b>	<b>150.8</b>	<b>-</b>	<b>-</b>	<b>150.8</b>
<b>Trade and other payables</b>								
Advances	37.2	-	-	37.2	7.5	-	-	7.5
Suppliers	660.9	-	-	660.9	660.4	-	-	660.4
Associated companies	3.7	-	-	3.7	3.6	-	-	3.6
Tax payables	72.8	-	-	72.8	69.1	-	-	69.1
Welfare and social security institutions	80.4	-	-	80.4	79.8	-	-	79.8
Other payables	57.2	-	-	57.2	65.4	-	-	65.4
	<b>912.2</b>	<b>-</b>	<b>-</b>	<b>912.2</b>	<b>885.8</b>	<b>-</b>	<b>-</b>	<b>885.8</b>
<b>Total payables</b>	<b>1,028.2</b>	<b>312.0</b>	<b>15.7</b>	<b>1,355.9</b>	<b>1,135.1</b>	<b>173.1</b>	<b>25.6</b>	<b>1,333.8</b>
<b>Accrued expenses and deferred income</b>								
Accrued expenses	0.5	-	-	0.5	0.5	-	-	0.5
Deferred income	20.7	-	-	20.7	29.7	-	-	29.7
	<b>21.2</b>	<b>-</b>	<b>-</b>	<b>21.2</b>	<b>30.2</b>	<b>-</b>	<b>-</b>	<b>30.2</b>
<b>Total</b>	<b>1,049.4</b>	<b>312.0</b>	<b>15.7</b>	<b>1,377.1</b>	<b>1,165.3</b>	<b>173.1</b>	<b>25.6</b>	<b>1,364.0</b>

**Payables and accrued expenses in foreign currency or exposed to exchange rate risk***Schedule 17*

(millions of Euro)	<b>12.31.2014</b>			12.31.2013		
	In Euro	In foreign currency or exposed to exchange rate risk	Book value	In Euro	In foreign currency or exposed to exchange rate risk	Book value
	<b>Payables</b>					
Due to banks	436.6	-	436.6	443.7	-	443.7
Due to other lenders	3.3	-	3.3	0.7	-	0.7
Suppliers	632.1	28.8	660.9	624.9	35.5	660.4
Non-consolidated subsidiaries	-	3.5	3.5	-	3.1	3.1
Associated companies	4.0	-	4.0	4.1	-	4.1
Tax payables	72.8	-	72.8	69.1	-	69.1
Social security institutions	80.4	-	80.4	79.8	-	79.8
Other payables	56.9	0.3	57.2	65.2	0.2	65.4
<b>Total payables (a)</b>	<b>1,286.1</b>	<b>32.6</b>	<b>1,318.7</b>	<b>1,287.5</b>	<b>38.8</b>	<b>1,326.3</b>
Accrued expenses	0.5	-	0.5	0.5	-	0.5
<b>Total</b>	<b>1,286.6</b>	<b>32.6</b>	<b>1,319.2</b>	<b>1,288.0</b>	<b>38.8</b>	<b>1,326.8</b>

(a) does not include Advances

**Due to banks.** Payables due to banks amount to Euro 436.6 million (Euro 443.7 million at 31 December 2013) and include:

- Euro 425.6 million in medium/long-term loans, split as follows:
  - Euro 147.5 million relating to an unsecured loan taken out by the Parent Company in May 2011 with a pool of banks. The loan is repayable in six-monthly instalments (final instalment due on 30 June, 2016);
  - a further Euro 147.5 million relating to an additional tranche of the loan negotiated in 2013, to be repaid in a single amount in June 2017.
- Interest rate swaps totalling Euro 138.3 million have been entered into to hedge the above loans;
  - Euro 50.0 million, relating to a loan agreement entered into by the Parent Company with the European Investment Bank. The loan is covered by a bank guarantee and will be used to finance investments in DTT. Repayment will commence in 2016 with the final instalment payable in June 2021;
  - Euro 80.0 million, relating to a medium term financing entered into by Rai Way, granted by a pool of banks;
  - Euro 0.6 million relating to an ordinary business loan entered into by Rai Way, in connection with investments being financed by Law 488/92 – 31<sup>st</sup> tender;
- Euro 11.0 million in current account overdrafts with certain banks.

**Due to other lenders.** Payables due to other lenders amount to Euro 3.3 million (Euro 0.7 million at 31 December 2013) and relate to a subsidised loan obtained by Rai Way from the Cassa Depositi e Prestiti in connection with investments financed by Law 488/92 – 31<sup>st</sup> tender (Euro 0.6 million) and advances received from factoring companies in relation to receivables sold with recourse by Rai Pubblicità (Euro 2.7 million).

**Advances.** Advances total Euro 37.2 million (Euro 7.5 million at 31 December 2013) and relate to television license fees accounted for in the financial statements of the Parent Company (Euro 33.3 million) and miscellaneous advances (Euro 3.9 million).

**Suppliers.** Payables due to suppliers amount to Euro 660.9 million (Euro 660.4 million at 31 December 2013), an increase of Euro 0.5 million with respect to the previous year. They relate entirely to trade payables.

**Non-consolidated subsidiaries.** Payables due to non-consolidated subsidiaries amount to Euro 3.5 million (Euro 3.1 million at 31 December 2013) and relate to financial payables due by the Parent Company to Rai Corporation.

**Associated companies.** Payables due to associated companies amount to Euro 4.0 million (Euro 4.1 million at 31 December 2013). They relate to amounts of Euro 3.4 million and Euro 0.6 million owed by the Parent Company to San Marino RTV and Tivù respectively and include Euro 0.3 million in financial payables (Euro 0.5 million at 31 December 2013) and other payables of Euro 3.7 million (Euro 3.6 million at 31 December 2013).

**Tax payables.** Tax payables amount to Euro 72.8 million (Euro 69.1 million at 31 December 2013), an increase of Euro 3.7 million with respect to the previous year. They comprise:

(millions of Euro)	2014	2013
- Tax withholdings on earnings of employees and free-lance workers	34.9	36.9
- IRES	32.5	20.9
- VAT	3.8	3.5
- IRAP	1.1	7.6
- Other withholdings and "substitute" taxes	0.5	0.2
<b>Total</b>	<b>72.8</b>	<b>69.1</b>

## Notes to the Consolidated financial statements

**Welfare and Social security institutions.** Payables due to Welfare and Social security institutions amount to Euro 80.4 million (Euro 79.8 million at 31 December 2013). They relate to contributions due on remuneration paid to employees and free-lance workers and are due for payment on scheduled dates. They include:

(millions of Euro)	2014	2013
- ENPALS	19.8	19.8
- INPGI	18.2	19.3
- CRAIPI	12.7	12.0
- FCPGI	9.0	9.0
- INPS	8.5	7.4
- Contributions on assessed remuneration	8.1	8.2
- FIPDRAI	1.7	1.7
- Other	2.4	2.4
<b>Total</b>	<b>80.4</b>	<b>79.8</b>

**Other payables.** Other payables amount to Euro 57.2 million (Euro 65.4 million at 31 December 2013), a net decrease of Euro 8.2 million with respect to the previous year. They include:

(millions of Euro)	2014	2013
- Employees for assessed remuneration	39.3	45.3
- Others assessment items	11.9	14.4
- Other	6.0	5.7
<b>Total</b>	<b>57.2</b>	<b>65.4</b>

### Accrued expenses and deferred income

Accrued expenses and deferred income amount to Euro 21.2 million (Euro 30.2 million at 31 December 2013). Further details of balances and changes during the year are provided in Schedule 18.

### *Accrued expenses and deferred income*

*Schedule 18*

(millions of Euro)	Changes during the year		12.31.2014
	12.31.2013	Balance of movements	
<b>Deferred income:</b>			
. grant for switchover to digital terrestrial broadcasting	26.0	(8.2)	17.8
. special subscriptions	1.0	(0.1)	0.9
. broadcasting and related rights on own productions	0.8	0.1	0.9
. real estate investments	0.5	(0.1)	0.4
. Law 488/92 subsidised loans	0.2	(0.1)	0.1
. other	1.2	(0.6)	0.6
	<b>29.7</b>	<b>(9.0)</b>	<b>20.7</b>
<b>Accrued expenses:</b>			
. commissions	0.3	-	0.3
. Interest	0.2	-	0.2
	<b>0.5</b>	<b>-</b>	<b>0.5</b>
<b>Total</b>	<b>30.2</b>	<b>(9.0)</b>	<b>21.2</b>

Deferred income includes grants totalling Euro 17.8 million (net of the amount already recognised as income) disbursed by the Ministry for Communications between 2007 and 2011 in support of activities performed to accelerate the switch-over to digital terrestrial broadcasting. Such activities have included operations on plant and systems and adaptation of site infrastructures to extend the areas covered by digital signal and improve reception and the quality of service provided to users.

The task of making the necessary investments is entrusted to the subsidiary company, Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution to income each year is accounted for on the basis of the depreciation recognized by the subsidiary, taking into account both the level of grants received and total sums incurred in support of the related projects.

## 6) Memorandum Accounts

Memorandum accounts amount to Euro 384.1 million (Euro 537.3 million at 31 December 2013), and are as presented in the consolidated balance sheet. Further details are provided in Schedules 19 and 20.

### *Memorandum accounts - unsecured guarantees*

*Schedule 19*

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
<b>Sureties</b>		
- for associated companies	2.6	2.6
- for others:		
. Financial Administration for Group VAT	34.9	42.9
. other	2.1	2.3
	37.0	45.2
<b>Total</b>	<b>39.6</b>	<b>47.8</b>

### *Memorandum accounts - secured guarantees*

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
<b>For own commitments other than payables</b>		
Assets pledged as collateral:		
- fixed-income securities	2.3	2.3
<b>Total</b>	<b>2.3</b>	<b>2.3</b>

Notes to the Consolidated financial statements

**Memorandum accounts - purchase, sale commitments and other***Schedule 20*

(millions of Euro)	<b>12.31.2014</b>	12.31.2013
<b>Purchase and sale commitments</b>		
- Purchase commitments	0.2	0.3
- Sales commitments	-	-
<b>Total</b>	<b>0.2</b>	<b>0.3</b>
<b>Other</b>		
<b>Secured guarantees received</b>	1.0	1.0
<b>Unsecured guarantees received</b>		
Against receivables	4.1	2.7
To cover other obligations:		
- Miscellaneous banks and insurance companies to guarantee supplies of goods and services	115.1	119.8
- Miscellaneous banks and insurance companies covering full performance of contracts for the production of radio/television programmes and films	74.4	95.3
- Credito Bergamasco - guarantee for Sky Italia	-	54.7
- Other	8.1	8.8
	<b>197.6</b>	<b>278.6</b>
	<b>201.7</b>	<b>281.3</b>
<b>Guarantees granted by other parties for Group obligations:</b>		
Against debt:		
- Other banks for guarantee for BEI to cover loan	57.5	57.5
- Other	0.4	0.4
	<b>57.9</b>	<b>57.9</b>
To cover other obligations:		
- SanPaolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2014 World Football Championships	-	43.7
- SanPaolo IMI for guarantees granted to tax authorities covering prize competitions	22.6	23.7
- Other bodies for guarantee granted to UEFA for 2016 European Championship qualifiers	17.9	-
- Other bodies for guarantee granted to Sky for Olympics	9.5	9.4
- Other banks for guarantee covering lease in Via Cavalli (Torino)	5.4	-
- Other	10.6	9.7
	<b>66.0</b>	<b>86.5</b>
	<b>123.9</b>	<b>144.4</b>
<b>Leased assets received</b>	-	-
<b>Third-party assets held by the company</b>	-	-
<b>Company assets held by third parties</b>	7.6	8.8
<b>Other risks undertaken by the company</b>		
- Receivables sold with recourse	-	42.0
<b>Other cases</b>		
- Amounts unavailable to the Group as a result of seizure orders	0.3	0.6
- Restrictions on credit lines as a result of seizure orders	7.5	8.8
<b>Total</b>	<b>342.0</b>	<b>486.9</b>



Schedule 21 provides details of financial derivative hedge contracts entered into in relation to specific Group commitments and their related fair values. The fair value of these derivative financial instruments is based on 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 valuation techniques.

## Fair value of derivatives

## Schedule 21

	Notional 12.31.2014 millions of USD	Notional 12.31.2014 millions of Euro
<b>Derivative financial instruments for hedges</b>		
- on exchange rates (1):		
. forwards and swaps	20.6	0.6
. optional currency purchase strategies	107.3	7.7
	<b>127.9</b>	<b>8.3</b>
- on interest rates (2):		
. Interest Rate Swap	see note (3)	(2.0)

(1) The transactions are carried out to hedge commercial agreements in US\$, in line with Group policy.

(2) Irs transactions to hedge Rai medium-long term loans.

(3) Reference notional Euro 138.3 million.

In line with Group policy, the overall value of hedge contracts entered into is reasonable in relation to the full extent of commitments subject to such risks.

At 31 December 2014, other than as shown in the memorandum accounts, there were no particularly significant purchase or sale commitments (beyond those entered into in the normal course of business) that would require specific disclosure to provide a better understanding of the company's financial position.

## 7) Income Statement

### Production value

Revenues from sales and services amount to Euro 2,474.8 million, a decrease of Euro 198.3 million compared to 31 December 2013. They include revenues for the year, net of transactions between Group companies, and relate mainly to licence fees and advertising. Schedule 22 provides a breakdown by major component. In terms of geographic distribution, almost all revenues are generated in Italy.

### Revenues from sales and services

Schedule 22

(millions of Euro)	Year 2014	Year 2013
Revenues from sales	0.6	0.8
Revenues from services:		
- Licence fees:		
. private subscriptions	1,492.5	1,662.7
. special subscriptions	76.1	74.4
	<b>1,568.6</b>	<b>1,737.1</b>
- General-interest TV advertising		
. commercials	456.1	493.6
. TV promotions	8.9	15.8
. sponsorship and special initiatives	97.7	53.1
. product placement	4.3	2.4
	<b>567.0</b>	<b>564.9</b>
- Specialist channel TV advertising	66.8	67.0
- Radio advertising:		
. commercials	22.8	24.2
. radio promotions	0.6	0.7
. sponsorships	3.2	4.1
	<b>26.6</b>	<b>29.0</b>
- Web advertising	8.1	7.7
- Cinema advertising	5.6	12.7
- Other advertising	0.8	0.9
	<b>674.9</b>	<b>682.2</b>
- Special services under agreements	51.0	49.9
- Other services:		
. sale of rights, musical publications	84.2	105.3
. film and home video distribution	42.6	43.0
. fees for hosting plant and equipment	32.9	33.4
. income from broadcasting, circuit hire, bridge and link services	6.0	6.9
. agreements with telephone companies	2.6	2.5
. other	11.4	12.0
	<b>179.7</b>	<b>203.1</b>
	<b>2,474.2</b>	<b>2,672.3</b>
<b>Total</b>	<b>2,474.8</b>	<b>2,673.1</b>

With regard to licence fee revenues, it is noted that the "separate accounting", mechanism (which is employed, as required by the consolidated broadcasting law, to determine the annual per-unit licence fee and thereby ensure alignment between licence fee revenues and the independently audited costs sustained by Rai in carrying out its public service remit) has shown an under provision of licence fee revenues amounting to over Euro 2.3 billion for the period 2005-2013. In 2011, Rai issued warnings to such effect and demanded payment of all sums owing as determined by the "separate accounting" mechanism, plus interest.

"Separate accounting" figures for 2014 will be available, as required, 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.** There was no significant change in the value of such inventories in terms of millions of Euro (decrease of Euro 0.3 million at 31 December 2013); these figures reflect the change in the value of inventories used in commercial activities.

**Internal cost capitalisations.** Internal cost capitalisations amount to Euro 21.8 million (Euro 19.1 million at 31 December 2013) and represent internal costs incurred in relation to fixed assets which have been capitalised together with the specific assets. Further details are provided in Schedule 23.

### *Internal cost capitalisations*

*Schedule 23*

(millions of Euro)	Year 2014	Year 2013
Intangible assets	13.8	11.8
Tangible assets	8.0	7.3
<b>Total</b>	<b>21.8</b>	<b>19.1</b>

**Other production-related income.** Other production-related income totals Euro 98.2 million (Euro 115.5 million at 31 December 2013), as detailed in Schedule 24.

### *Other production-related income*

*Schedule 24*

(millions of Euro)	Year 2014	Year 2013
Operating grants	12.4	11.0
Gains on disposals	-	-
Miscellaneous		
Recovery and reimbursement of expenses	22.3	23.2
Out-of-period gains from licence fees	22.0	18.5
Other out-of-period gains	21.1	34.8
Provisions released	17.2	24.5
Income from real estate investments	2.2	2.3
Miscellaneous	1.0	1.2
	85.8	104.5
<b>Total</b>	<b>98.2</b>	<b>115.5</b>

## Production costs

Production costs include costs and losses relating to ordinary activities, excluding financial operations. Such costs do not include those relating to fixed tangible and intangible assets, which have been capitalised together with the specific assets.

**Raw materials, supplies, consumables and merchandise.** Costs for raw materials, supplies, consumables and merchandise amount to Euro 18.6 million (Euro 22.2 million at 31 December 2013) and include 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*

*Schedule 25*

(millions of Euro)	Year 2014	Year 2013
Technical materials for inventory	2.0	3.2
Miscellaneous programme production materials	4.0	3.7
Other materials	12.6	15.3
<b>Total</b>	<b>18.6</b>	<b>22.2</b>

**Services.** Costs for services amount to Euro 632.5 million (Euro 648.2 million at 31 December 2013) and comprise costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 26. They include, inter alia, emoluments, compensation and expense reimbursements paid by the Parent Company to Directors amounting to Euro 1.2 million and to Statutory Auditors amounting to Euro 0.2 million. This item also includes external audit fees amounting to Euro 0.2 million and fees for other services provided by the external audit firm amounting to Euro 0.1 million.

### *Production costs - services*

*Schedule 26*

(millions of Euro)	Year 2014	Year 2013
Freelance services	123.3	125.2
Services for acquisition and production of programmes	179.5	191.5
Allowances, travel expenses and transfer of personnel	26.1	25.6
Ancillary personnel service costs	12.8	13.0
Maintenance and repairs	25.6	28.1
Services for documentation and assistance for informative systems	45.8	46.8
Insurance and accident prevention	18.2	17.3
Advertising and promotion	20.8	19.0
Promotion and distribution expenses	5.6	6.6
Supply services	42.0	41.3
General services	56.6	58.3
Third-party shares of sales figure	59.9	57.5
Other	16.3	18.0
<b>Total</b>	<b>632.5</b>	<b>648.2</b>

It is further noted that two statutory auditors of the Parent Company have also performed statutory auditor functions in other subsidiary companies for remuneration totalling Euro 0.2 million.

**Use of third-party assets.** Costs for use of third-party assets amount to Euro 407.4 million (Euro 344.9 million at 31 December 2013), and include costs for rents, leases, usage rights and filming rights, as detailed in Schedule 27.

### *Production costs - use of third party assets*

*Schedule 27*

(millions of Euro)	Year 2014	Year 2013
Rent and hire costs	87.9	92.4
Usage rights	92.5	98.2
Filming rights	216.4	145.2
Other rights	10.6	9.1
<b>Total</b>	<b>407.4</b>	<b>344.9</b>

**Personnel.** Personnel costs amount to Euro 992.9 million (Euro 994.7 million at 31 December 2013), and may be analysed as set out in the income statement. The average number of employees in 2014 was 12,857, including employees on fixed-term contracts, placement contracts and apprenticeship contracts (12,965 at 31 December 2013). Schedule 28 provides further details including distribution by category and by company.

### *Average employment*

*Schedule 28*

(in units)	Year 2014			Year 2013		
	permanent (1)	fixed-term	Total	permanent (1)	fixed-term	Total
<b>By company</b>						
Rai	10,574	1,061	11,635	10,343	1,360	11,703
Rai Cinema	107	27	134	92	37	129
Rai Com (ex RaiNet)	67	20	87	42	24	66
Rai Pubblicità	367	8	375	414	5	419
Rai Wway	600	26	626	603	41	644
Rai World	0	0	0	3	1	4
	<b>11,715</b>	<b>1,142</b>	<b>12,857</b>	<b>11,497</b>	<b>1,468</b>	<b>12,965</b>
<b>By category</b>						
Executives	321	-	321	326	-	326
Journalists	1,588	294	1,882	1,639	262	1,901
Supervisors	1,271	1	1,272	1,248	1	1,249
Office workers	7,476	729	8,205	7,234	1,039	8,273
Blue collars	934	112	1,046	924	158	1,082
Orchestra members and other artistic staff	114	6	120	115	8	123
Medical staff	11	-	11	11	-	11
	<b>11,715</b>	<b>1,142</b>	<b>12,857</b>	<b>11,497</b>	<b>1,468</b>	<b>12,965</b>
(1) of which placement contracts and apprenticeships	84			49		

**Amortisation, depreciation and write-downs.** Costs relating to amortisation, depreciation and write-downs amount to Euro 562.2 million (Euro 629.5 million at 31 December 2013), of which Euro 415.5 million relates to amortisation of intangible assets (Euro 473.5 million at 31 December 2013), Euro 116.7 million relates to depreciation of tangible assets (Euro 119.4 million at 31 December 2013), Euro 25.3 million relates to other write-downs (Euro 27.9 million at 31 December 2013) and Euro 4.7 million (Euro 8.7 million at 31 December 2013) relates to the write-down of receivables as detailed in Schedules 1, 2 and 5.

## Notes to the Consolidated financial statements

This item includes the write-down in the value of programmes amounting to Euro 22.5 million, to recognise the risk that certain programmes may not be transmitted or re-broadcast and the risk of loss of opportunity for the commercial exploitation of certain rights (Euro 23.1 million at 31 December 2013). It is noted that, following the introduction of new calculation procedures, commencing in 2014 amortisation of intangible assets (programmes) is calculated from the month in which such assets are available for use.

**Changes in inventories of raw materials, supplies, consumables and merchandise.** Costs relating to changes in inventories amount to Euro 0.2 million (Euro 0.1 million at 31 December 2013) and represent the decrease in net inventories at 31 December 2014 with respect to the previous year.

**Provisions for risks.** Provisions for risks amount to Euro 14.4 million (Euro 9.6 million at 31 December 2013). They represent additional allocations to provisions for risks. The most significant items are detailed in Schedule 12 and relate mainly to provisions made by the Parent Company (Euro 12.2 million).

**Other provisions.** Other provisions amount to Euro 27.2 million (Euro 2.0 million at 31 December 2013). The most significant items are shown in Schedule 12 and relate mainly to provisions included the financial statements of Rai (Euro 26.8 million) and Rai Way (Euro 0.4 million).

**Other operating costs.** Other operating costs amount to Euro 67.5 million (Euro 89.8 million at 31 December 2013). They are split as reported in the income statement and further details are provided in Schedule 29. For the most part they refer to costs disclosed in the financial statements of the Parent Company (Euro 59.8 million).

**Other operating costs***Schedule 29*

(millions of Euro)	Year 2014	Year 2013
<b>Capital losses:</b>		
Tangible assets	0.3	0.3
Intangible assets	0.1	..
	<b>0.4</b>	<b>0.3</b>
<b>Concession fee</b>	-	<b>26.3</b>
<b>Other costs:</b>		
- gifts, prize contests and entertainment expenses	14.0	13.7
- association dues	3.2	3.3
- IMU/TASI (municipal property tax)	10.4	9.8
- other indirect taxes and contributions	10.4	10.8
- contributions to the Supervisory Authorities	4.2	6.3
- payment of uninsured damages, fines and penalties	0.8	0.6
- newspapers, books, periodicals, specific documentation and publications	1.8	2.0
- prior-year charges and reversal of non-existent assets	11.1	9.9
- provision for pension fund - former employees	9.0	4.9
- other	2.2	1.9
	<b>67.1</b>	<b>63.2</b>
<b>Total</b>	<b>67.5</b>	<b>89.8</b>

## Financial income and expenses

**Other financial income.** Other financial income amounts to Euro 2.2 million (Euro 1.4 million at 31 December 2013). Details are provided in Schedule 30.

### Other financial income

*Schedule 30*

(millions of Euro)	Year 2014	Year 2013
<b>Other financial income:</b>		
From non-current securities other than equity investments	0.1	0.1
Financial income other than the above:		
- Interest and commissions receivable from others and miscellaneous income:		
. interest from banks, post office current accounts and other financial institutions	0.3	0.4
. interest on amount due from customers	0.5	0.3
. interest from others	1.3	0.6
	2.1	1.3
<b>Total</b>	<b>2.2</b>	<b>1.4</b>

**Interest and other financial expenses.** Interest and other financial expenses amounts to Euro 19.8 million (Euro 15.6 million at 31 December 2013) and includes interest charges, costs for commission on financial services and other costs as detailed in Schedule 31.

### Interest and other financial charges

*Schedule 31*

(millions of Euro)	Year 2014	Year 2013
<b>Interest and commissions payable to others and miscellaneous charges:</b>		
- interest and commissions payable to banks and other financial institutions.	16.9	10.6
- interest expense and charges on interest rate hedges	2.8	4.1
- interest on amounts payable to suppliers	-	0.2
- other costs	0.1	0.7
	19.8	15.6
<b>Total</b>	<b>19.8</b>	<b>15.6</b>

**Foreign exchange gains and losses.** Foreign exchange gains amount to Euro 1.4 million (a loss of Euro 0.7 million at 31 December 2013). As shown in Schedule 32, this item comprises both foreign exchange losses and premiums on foreign currency hedge transactions as well as the effect of translating the value of foreign currency denominated payables and receivables at year-end exchange rates, or at the rate in force at the time of the hedge in the case of exchange risk hedges.

### Foreign exchange gains and losses

*Schedule 32*

(millions of Euro)	Year 2014	Year 2013
Foreign exchange gains (losses) from valuation	0.3	(0.5)
Other foreign exchange gains (losses)	1.1	(0.2)
<b>Total</b>	<b>1.4</b>	<b>(0.7)</b>

## Value adjustments to financial assets

**Revaluations.** Revaluations of financial assets amount to Euro 1.3 million (Euro 1.9 million at 31 December 2013) and relate solely to the equity value of investments in non-consolidated subsidiaries and associated companies.

**Write-downs.** Write-downs of financial assets amount to Euro 2.3 million (Euro 0.2 million at 31 December 2013) and relate to reductions in the equity value of investments in subsidiaries, reflecting losses incurred during the year.

## Exceptional income and expense

Exceptional income amounting to Euro 237.1 million (Euro 1.0 million at 31 December 2013) and exceptional expense totalling Euro 13.8 million (Euro 13.4 million at 31 December 2013), are analysed in detail in Schedule 33.

### *Exceptional income and expense*

*Schedule 33*

(millions of Euro)	Year 2014	Year 2013
<b>Exceptional income</b>		
a) capital gains relating to operations with significant effects on the structure of the company		
– surplus on sale of investment	236.3	-
– other	0.1	-
e) income relating to prior years		
– lower taxes for previous years	0.7	1.0
	<b>237.1</b>	<b>1.0</b>
<b>Exceptional expense</b>		
a) costs and capital losses relating to operations with significant effects on the structure of the company		
– cost of voluntary redundancy incentives	(5.3)	(12.0)
– Rai Way shares placement cost	(8.0)	-
g) prior years' taxes	(0.5)	(1.4)
	<b>(13.8)</b>	<b>(13.4)</b>
<b>Total</b>	<b>223.3</b>	<b>(12.4)</b>

This item includes the effects of the sale of 34.93% of the shares in Rai Way through public offer for sale, which generated a capital gain of Euro 236.3 million and placement costs of Euro 8 million.

## Current income taxes for the year, and deferred tax assets and liabilities

The total tax charge of Euro 20.1 million (Euro 35.5 million at 31 December 2013) is composed of current and deferred taxes for the year as reported in the financial statements of the individual companies, and the tax effects of consolidation adjustments. The following table provides further details:

(millions of Euro)	Charged in the accounts of the individual companies	Deriving from consolidation adjustments	Total
Current taxes			
– IRES	(32.7)	-	(32.7)
– IRAP	(28.3)	-	(28.3)
Deferred tax assets	40.5	-	40.5
Deferred tax liabilities	0.4	-	0.4



<b>Total</b>	<b>(20.1)</b>	<b>-</b>	<b>(20.1)</b>
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## 8) Result for the year

Profit for the year is Euro 57.9 million (Euro 47.3 million attributable to the Parent Company and Euro 10.6 million attributable to third parties).

## 9) Reconciliation between Rai's separate and consolidated financial statements as at 31 December 2014 and 31 December 2013

The following table provides a reconciliation between the result for the year and shareholders' equity as reported in the financial statements of the Parent Company and as reported in the consolidated financial statements:

### *Reconciliation between Financial Statements and Consolidated Financial Statements*

(millions of Euro)	Profit for the year		Net equity	
	2014	2013	2014	2013
Rai financial statements	47.9	4.3	346.3	298.4
Rai Way profit and net equity attributable to third parties	10.6	-	54.6	-
Other consolidation adjustments	(0.6)	1.0	(2.8)	(2.2)
Consolidated financial statements	57.9	5.3	398.1	296.2

## 10) Other information

With regard to transactions with related parties, it is noted that there were no significant transactions between Group companies during the year other than under normal market conditions.

For details of significant subsequent events and the nature of the Group's activity, see the Report on Operations.



## Consolidated supplementary schedules

Consolidated supplementary Schedules

**Consolidated Balance Sheet reclassified in vertical form**

(in millions of Euro)		<b>12.31.2014</b>	12.31.2013
A.- NON-CURRENT ASSETS-NET			
Intangible assets		864.1	862.1
Tangible assets		618.3	650.7
Financial assets		17.3	18.6
		<b>1.499.7</b>	<b>1.531.4</b>
B.- CURRENT ASSETS-NET			
Inventories		2.6	2.8
Trade receivables		486.9	490.8
Other assets		309.1	275.3
Trade payables		(701.8)	(671.5)
Other liabilities		(231.6)	(244.5)
		<b>(134.8)</b>	<b>(147.1)</b>
C.- PROVISIONS FOR RISKS AND CHARGES		<b>(376.1)</b>	<b>(363.3)</b>
D.- WORKING CAPITAL	(B+C)	<b>(510.9)</b>	<b>(510.4)</b>
E.- PROVISION FOR STAFF SEVERANCE PAY		<b>275.6</b>	<b>283.9</b>
F.- NET INVESTED CAPITAL	(A+D+E)	<b>713.2</b>	<b>737.1</b>
financed by:			
G.- EQUITY			
Parent Company equity		343.5	296.2
Minority interests		54.6	-
		<b>398.1</b>	<b>296.2</b>
H.- TOTAL NET MID-TERM/LONG-TERM FINANCIAL DEBT		<b>426.2</b>	<b>297.2</b>
I.- NET SHORT-TERM DEBT			
. net short-term financial debts		17.5	150.8
. short-term financial receivables		-	-
		<b>17.5</b>	<b>150.8</b>
L.- CASH BALANCES		<b>(128.6)</b>	<b>(7.1)</b>
M.- TOTAL NET FINANCIAL DEBT	(H+I+L)	<b>315.1</b>	<b>440.9</b>
N.- TOTAL, AS IN F	(G+M)	<b>713.2</b>	<b>737.1</b>

**Consolidated Income Statement reclassified in vertical form**

(in millions of Euro)	<b>12.31.2014</b>	12.31.2013
A.- REVENUES	2,534.7	2,729.3
Change in inventories of work in progress, semifinished and finished products	-	(0.3)
Internal cost capitalisations	21.8	19.1
B.- 'TYPICAL' PRODUCTION VALUE	2,556.5	2,748.1
Cost of materials and external services	(1,116.8)	(1,102.4)
C.- VALUE ADDED	1,439.7	1,645.7
Personnel costs	(992.9)	(994.7)
D.- GROSS OPERATING MARGIN	446.8	651.0
Amortisation of programmes	(390.7)	(447.9)
Other amortisation/depreciation	(130.5)	(132.7)
Other value adjustments	(30.0)	(36.6)
Provisions for risks and charges	(41.5)	(11.6)
Miscellaneous income and charges - net	17.8	44.2
E.- OPERATING RESULT	(128.1)	66.4
Financial income and expense	(16.2)	(14.9)
Income from equity investments	(1.0)	1.7
F.- RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	(145.3)	53.2
Exceptional income and expense	223.3	(12.4)
G.- RESULT BEFORE TAXES	78.0	40.8
Income taxes for the year	(20.1)	(35.5)
H.- NET PROFIT (LOSS) FOR THE YEAR	57.9	5.3
including:		
- pertaining to the Parent Company	47.3	5.3
- pertaining to Minority interests	10.6	-

Consolidated supplementary Schedules

**Consolidated Cash Flow statement**

(in millions of Euro)	<b>12.31.2014</b>	12.31.2013
<b>A.- CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) for the year	57.9	5.3
Income taxes	20.1	35.5
(*) Interest expense/(interest income)	17.3	11.8
(Dividends)	0.0	0.0
(Gains) losses on disposal of non-current assets	(235.9)	0.3
<b>1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposal of non-current assets</b>	<b>(140.6)</b>	<b>52.9</b>
Net current assets neutral non cash-items adjustments		
Provisions	116.0	83.0
Amortisation and depreciation	521.2	580.6
Writedowns/Revaluations	26.4	26.2
Other adjustments for non cash-items	(18.5)	(24.9)
<b>2. Cash flow before net current assets changes</b>	<b>645.1</b>	<b>664.9</b>
Net current assets changes		
Decrease/(increase) in inventories	0.2	0.4
Decrease/(increase) in receivables from customers	3.9	32.7
Decrease/(increase) in due to suppliers	30.3	(14.0)
Decrease/(increase) in accrued income and prepaid expenses	(1.2)	(6.0)
Increase/(decrease) in payables and accrued expenses and deferred income	(9.0)	(7.9)
Other net current assets changes	(29.1)	(9.3)
<b>3. Cash flow after net current assets changes</b>	<b>(4.9)</b>	<b>(4.1)</b>
Other adjustments		
(*) Collected interest/(paid)	(16.9)	(11.0)
(Income tax paid)	(28.1)	(9.5)
Dividends collected	0.4	0.3
(Used provisions)	(92.7)	(232.7)
<b>4. Cash flow after other adjustments</b>	<b>(137.3)</b>	<b>(252.9)</b>
<b>Cash flow from operating activities (A)</b>	<b>362.3</b>	<b>460.8</b>
<b>B.- CASH FLOW FROM INVESTING ACTIVITIES</b>		
Non-current tangible assets:		
(Investment)	(85.7)	(88.1)
Sale proceeds writedowns and other changes	0.8	1.4
Non-current intangible assets		
(Investment)	(432.3)	(449.5)
Sale proceeds writedowns and other changes	0.4	1.5
Non-current financial assets		
(Investment)	(0.4)	(5.0)
Sale proceeds writedowns and other changes	280.7	4.2
Current financial assets		
(Investment)	0.0	0.0
Sale proceeds writedowns	0.0	0.0
Purchase or sale of subsidiaries net of cash and equivalents	0.0	0.0
<b>Cash flow from investing activities (B)</b>	<b>(236.5)</b>	<b>(535.5)</b>

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(in millions of Euro)	<b>12.31.2014</b>	12.31.2013
<b>C.- CASH FLOW FROM FINANCING ACTIVITIES</b>		
Third parties means		
Increase (decrease) short-term debt to banks	(133.3)	70.2
Loans	227.5	50.0
Loan repayments	(98.5)	(49.3)
Own means		
Cash Capital increase	0.0	0.0
Sale (purchase) treasury stock	0.0	0.0
Dividends (and advance on dividends) paid	0.0	0.0
<b>Cash flow from financing activities</b>	<b>(4.3)</b>	<b>70.9</b>
<b>Increase (decrease) in cash and equivalents</b>	<b>(A+B+C)</b>	<b>(3.8)</b>
<b>Cash and equivalents at beginning of year</b>	<b>7.1</b>	<b>10.9</b>
<b>Cash and equivalents at year-end</b>	<b>128.6</b>	<b>7.1</b>
<b>including: Cash and equivalents restricted</b>	<b>0.3</b>	<b>0.6</b>

(\*) Concerning financial credit/debt.

# Report of the Board of Statutory Auditors

## Report on the consolidated financial statements at 31 December 2014

### *Shareholders,*

the **Consolidated financial statements of the Rai Group** at 31 December 2014, placed at your disposal for informative purposes, close with a net profit of Euro 57.9 million, including the share of minority interests of Euro 10.6 million, resulting from the sale of equity interests in Ray Way SpA (34.93%) through the initial public offering commented on in the reports to the parent company financial statements, vis-à-vis the profit posted in 2013 of Euro 5.3 million.

As far as the sphere of competence of the Board of Statutory Auditors is concerned, we point out that:

- no exceptional instances were noted which required departure from article 29, para. 4 of Legislative Decree 127/91;
- the assets and liabilities items have been measured in accordance with uniform criteria, which remained unchanged from the previous year.

PwC Independent Auditor's Report provides an unqualified opinion.

In light of the foregoing, in our opinion the Consolidated financial statements of the Rai Group as at 31 December 2014 and the accompanying Report on Operations have been prepared in compliance with the provisions of Legislative Decree 127/91.

Rome, 8 May 2015

For the Board of Statutory Auditors

The Chairman  
Carlo Cesare Gatto



# Report of the Independent Auditors



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE  
N° 39 OF 27 JANUARY 2010**

To the shareholders of  
RAI – Radiotelevisione italiana SpA

- 1 We have audited the consolidated financial statements of RAI – Radiotelevisione italiana SpA and its subsidiaries (“RAI Group”) as of 31 December 2014. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of these financial consolidated 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 Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) 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 29 April 2014.
- 3 In our opinion, the consolidated financial statements of the RAI Group as of 31 December 2014 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 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 compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the

**PricewaterhouseCoopers SpA**

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C. F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001



report on operations is consistent with the consolidated financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2014.

Rome, 8 May 2015

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.*



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## Rai Cinema SpA

<b>Company name:</b>	Rai Cinema SpA
<b>Date of incorporation:</b>	1 December 1999
<b>Object:</b>	The company's objects are the purchase, in Italy and abroad, of usage rights on audio-visual, cinema, TV and multimedia products, in support of the production requirements of Rai and its associated companies; the provision to Rai and its associated companies of the aforementioned rights and the organisation, administration and management of rights in accordance with Rai's information, research and broadcasting requirements; the distribution, marketing and sale of rights in Italy and abroad; the production of audio-visual works for the cinema, TV and video communication markets; the creation, organisation and management of distribution circuits, cinemas and multiplex cinemas.
<b>Share capital:</b>	Euro 200,000,000.40 38,759,690 shares with par value of Euro 5.16 each Rai 100%
<b>Employees:</b>	114 on permanent contracts 24 on fixed-term contracts
<b>Board of Directors</b>	
<b>Chairman:</b>	Nicola Claudio
<b>Managing Director:</b>	Paolo Del Brocco
<b>Directors:</b>	Costanza Esclapon Vincenzo Mollica Camillo Rossotto
<b>Board Secretary:</b>	Massimiliano Orfei
<b>General Manager</b>	Giuseppe Sturiale
<b>Board of Statutory Auditors</b>	
<b>Chairman:</b>	Leonardo Quagliata
<b>Statutory Auditors:</b>	Orlando Fazzolari Maria Giovanna Basile
<b>Alternate Statutory Auditors:</b>	Dorina Casadei Bernardo Bertoldi

Financial statements of subsidiaries

**Rai Cinema SpA****Balance Sheet - Assets**

(in Euro)	12.31.2014	12.31.2013
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	380,548,852	375,670,522
4.- Concessions, licences, trademarks and similar rights	300	600
6.- Intangible assets under development and payments on account	80,250,506	86,822,573
7.- Others	103,733	87,815
<b>TOTAL INTANGIBLE ASSETS</b>	<b>460,903,391</b>	<b>462,581,510</b>
II. TANGIBLE ASSETS		
2.- Plant and machinery	587	799
3.- Industrial and sales equipment	45	104
4.- Other assets	109,479	133,189
<b>TOTAL TANGIBLE ASSETS</b>	<b>110,111</b>	<b>134,092</b>
III. FINANCIAL ASSETS		
2.- Receivables		
d) From others	256,125	256,125
Total receivables	256,125	256,125
<b>TOTAL FINANCIAL ASSETS</b>	<b>256,125</b>	<b>256,125</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>461,269,627</b>	<b>462,971,727</b>
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished products and merchandise	511,219	539,714
<b>TOTAL INVENTORIES</b>	<b>511,219</b>	<b>539,714</b>
II. RECEIVABLES		
1.- From customers		
- due within 12 months	34,694,290	40,751,416
- due after 12 months	3,878,964	125,422
4.- From parent companies	15,088,824	11,758,337
4.bis - Tax credits	336,011	233,043
4.ter - Deferred tax assets	417,969	441,991
5.- Others		
- due within 12 months	3,006,859	4,712,656
- due after 12 months	6,450	121,494
<b>TOTAL RECEIVABLES</b>	<b>57,429,367</b>	<b>58,144,359</b>
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	70,036	71,701
Total cahs and cash equivalents	70,036	71,701
<b>TOTAL CURRENT ASSETS</b>	<b>58,010,622</b>	<b>58,755,774</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	3,055	17,960
<b>TOTAL ASSETS</b>	<b>519,283,304</b>	<b>521,745,461</b>



**Rai Cinema SpA****Balance Sheet - Liabilities**

(in Euro)	12.31.2014	12.31.2013
A) SHAREHOLDERS' EQUITY		
I. PARENT COMPANY EQUITY		
I. Share capital	200,000,000	200,000,000
IV. Legal reserve	17,998,021	16,139,977
VII. Other reserves	1,585,291	1,553,767
VIII. Profit (losses) brought forward	12,993,416	12,993,416
IX. Profit (loss) for the year	46,569,381	37,160,885
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>279,146,109</b>	<b>267,848,045</b>
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	3,964	6,824
2.- Current and deferred taxes	1,985	-
3.- Other	3,464,576	2,878,790
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>3,470,525</b>	<b>2,885,614</b>
C) PROVISION FOR STAFF SEVERANCE PAY	1,534,552	1,604,886
D) PAYABLES		
6.- Advances	176,900	3,929,300
7.- Suppliers	120,368,408	120,339,865
11.- Parent companies	108,782,345	117,167,460
12. Tax payables	1,241,628	1,940,754
13.- Welfare and social security institutions	575,989	550,673
14.- Other payables	3,986,745	5,477,920
<b>TOTAL PAYABLES</b>	<b>235,132,015</b>	<b>249,405,972</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME	103	944
<b>TOTAL LIABILITIES</b>	<b>519,283,304</b>	<b>521,745,461</b>

**Rai Cinema SpA****Memorandum Accounts**

(in Euro)	12.31.2014	12.31.2013
1.- Unsecured guarantees granted	-	-
2.- Secured guarantees granted	-	-
3.- Purchase and sale commitments	-	-
4.- Other	19,840,341	31,469,268
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>19,840,341</b>	<b>31,469,268</b>

## Financial statements of subsidiaries

**Rai Cinema SpA****Income Statement**

(in Euro)	12.31.2014	12.31.2013
<b>A) PRODUCTION VALUE</b>		
1.- Revenues from sales and services	380,240,332	378,101,556
2.- Changes in inventories of work in progress, semifinished and finished goods	(28,495)	(66,929)
5.- Other production-related income		
a) operating grants	3,834,225	2,159,333
c) other	18,706,183	17,151,261
Total other production-related income	22,540,408	19,310,594
<b>TOTAL PRODUCTION VALUE</b>	<b>402,752,245</b>	<b>397,345,221</b>
<b>B) PRODUCTION COSTS</b>		
6.- Raw materials, supplies, consumables and merchandise	(678,046)	(601,255)
7.- Services	(69,575,737)	(71,985,952)
8.- Use of third-party assets	(2,330,352)	(2,250,860)
9.- Personnel		
a) wages and salaries	(7,025,160)	(6,787,799)
b) social security contributions	(2,039,203)	(1,982,451)
c) staff severance pay	(478,345)	(474,978)
d) pension and similar costs	(129,664)	(139,142)
e) other costs	(114,520)	(80,829)
Total personnel costs	(9,786,892)	(9,465,199)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(243,943,679)	(249,201,895)
b) depreciation of tangible assets	(36,156)	(33,430)
c) other non-current asset writedowns	(2,817,124)	(1,539,677)
d) writedowns of current receivables, cash and cash equivalents	(826,936)	(1,633,353)
Total amortisation, depreciation and writedowns	(247,623,895)	(252,408,355)
12.- Provisions for risks	(1,118,641)	(269,167)
14.- Other operating costs		
a) capital losses on disposals	-	(41,025)
c) other	(1,086,338)	(1,477,779)
Total other operating costs	(1,086,338)	(1,518,804)
<b>TOTAL PRODUCTION COSTS</b>	<b>(332,199,901)</b>	<b>(338,499,592)</b>
<b>Difference between production values and costs</b>	<b>70,552,344</b>	<b>58,845,629</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>		
16.- Other financial income		
a) from non-current receivables		
. other	2,479	1,528
Total income from non-current receivables	2,479	1,528
d) financial income other than the above		
. interest and commissions from others and miscellaneous income	215	351
Total financial income other than the above	215	351
Total other financial income	2,694	1,879
17.- Interest and other financial expenses		
c) interest and commissions payable to parent companies	(3,373,204)	(3,319,262)
d) interest and commissions payable to others and miscellaneous charges	(50,705)	(152,838)
Total interest and other financial expenses	(3,423,909)	(3,472,100)
17bis.- Foreign exchange gains and losses	1,691,603	(126,697)
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(1,729,612)</b>	<b>(3,596,918)</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	-	-
<b>E) EXCEPTIONAL INCOME AND EXPENSE</b>		
20.- Income		
e) income relating to prior years	122,656	179,440
g) differences from round off to the nearest Euro	-	2
Total income	122,656	179,442
21.- Expense		
g) prior years' taxes	-	(268,519)
Total expense	-	(268,519)
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>122,656</b>	<b>(89,077)</b>
<b>Result before taxes</b>	<b>68,945,388</b>	<b>55,159,634</b>
22.- Current income taxes for the year, and deferred tax assets and liabilities	(22,376,007)	(17,998,749)
<b>23.- Profit (loss) for the year</b>	<b>46,569,381</b>	<b>37,160,885</b>

## Rai Com SpA

Company name:	Rai Com SpA (prior to 20 June 2014 RaiNet SpA)	
Date of incorporation:	23 June 1999	
Object:	The company's object is the marketing of radio and television channels and the rights to use audio-visual, written and multi-media works; the production of audio-visual products for sale; the acquisition for purpose of sale of rights to audio-visual works; the production and publication of musical and theatrical works and books and magazines; and negotiation and management of agreements with organisations and institutions.	
Share capital:	Euro 10,320,000 2,000,000 shares with par value of Euro 5.16 each Rai 100%	
Employees:	88 on permanent contracts 19 on fixed-term contracts	
<b>Board of Directors</b>	(until 20 June 2014)	(from 20 June 2014)
Chairman:	Carmen Lasorella	Costanza Esclapon
Managing Director:	(until 20 June 2014)	(from 26 June 2014)
	Pietro Gaffuri	Luigi De Siervo
Directors:	(until 20 June 2014)	(from 20 June 2014)
	Fabio Belli Luca Balestrieri Marcello Giuseppe Ciannamea	Eleonora Andreatta Giuseppe Pasciucco Camillo Rossotto (from 20 - 26 June 2014) Luigi De Siervo
Board Secretary:	(until 20 June 2014)	(from 26 June 2014)
	Felice Ventura	Nicoletta Zucchelli
<b>General Manager</b>	(from 27 July 2014)	
	Giuseppe Santo	
<b>Board of Statutory Auditors</b>		
Chairman:	Carlo Cesare Gatto	
Statutory Auditors:	Giampiero Riccardi Angela Salvini	
Alternate Statutory Auditors:	Francesco Mariani Maria Eugenia Palombo	

Financial statements of subsidiaries

**Rai Com SpA****Balance Sheet - Assets**

(in Euro)	12.31.2014	12.31.2013
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	26,789	156,304
4.- Concessions, licences, trademarks and similar rights	12,144	-
6.- Intangible assets under development and payments on account	676,051	28,373
7.- Others	-	271,929
<b>TOTAL INTANGIBLE ASSETS</b>	<b>714,984</b>	<b>456,606</b>
II. TANGIBLE ASSETS		
2.- Plant and machinery	-	45,824
3.- Industrial and sales equipment	-	2,663
4.- Other assets	-	767,225
<b>TOTAL TANGIBLE ASSETS</b>	<b>-</b>	<b>815,712</b>
III. FINANCIAL ASSETS		
1.- 1. Equity investments in:		
d) other companies	12,299	-
Total equity investments	12,299	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>12,299</b>	<b>-</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>727,283</b>	<b>1,272,318</b>
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished products and merchandise	849,298	-
<b>TOTAL INVENTORIES</b>	<b>849,298</b>	<b>-</b>
II. RECEIVABLES		
1.- From customers	141,969,312	75,630
4.- From parent companies	81,351,434	18,152,688
4.bis- Tax receivables	864	20,412
4.ter- Deferred tax assets	3,721,446	-
5.- Other		
. due within 12 months	2,243,171	1,840,129
. due after 12 months	7,897	-
<b>TOTAL RECEIVABLES</b>	<b>229,294,124</b>	<b>20,088,859</b>
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>230,143,422</b>	<b>20,088,859</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	226,811	298,521
<b>TOTAL ASSETS</b>	<b>231,097,516</b>	<b>21,659,698</b>

**Rai Com SpA****Balance Sheet - Liabilities**

(in Euro)	12.31.2014	12.31.2013
A) SHAREHOLDERS' EQUITY		
I. Share capital	10,320,000	5,160,000
II. Share premium reserve	88,955,356	-
IV. Legal reserve	592,093	542,890
VII. Other reserves	1,391,243	1,391,242
VIII. Profit (losses) brought forward	4,967,100	4,962,245
IX. Profit (loss) for the year	6,849,368	984,058
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>113,075,160</b>	<b>13,040,435</b>
B) PROVISIONS FOR RISKS AND CHARGES		
1.-Provision for pension and similar liabilities	2,160	-
3.-Other	950,170	429,252
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>952,330</b>	<b>429,252</b>
C) PROVISION FOR STAFF SEVERANCE PAY	1,122,225	378,657
D) PAYABLES		
6.-Advances	1,548,441	-
7.-Suppliers	53,626,852	2,383,037
11.- Parent companies	57,983,172	4,960,210
12.- Tax payables	813,298	121,446
13.- Welfare and social security institutions	323,649	187,971
14.-Other payables	1,511,633	154,690
<b>TOTAL PAYABLES</b>	<b>115,807,045</b>	<b>7,807,354</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME	140,756	4,000
<b>TOTAL LIABILITIES</b>	<b>231,097,516</b>	<b>21,659,698</b>

**Rai Com SpA****Memorandum Accounts**

(in Euro)	12.31.2014	12.31.2013
1.- Unsecured guarantees granted	-	-
2.- Secured guarantees granted	-	-
3.- Purchase and sale commitments	-	-
4.- Other	33,600	1,120,078
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>33,600</b>	<b>1,120,078</b>

## Financial statements of subsidiaries

**Rai Com SpA****Income Statement**

(in Euro)	<b>12.31.2014</b>	12.31.2013
<b>A) PRODUCTION VALUE</b>		
1.- Revenues from sales and services	110,394,323	14,390,814
2.- Changes in inventories of work in progress, semi-finished and finished goods	47,629	-
5.- Other production-related income		
c) other	2,554,282	551,658
Total other production-related income	2,554,282	551,658
<b>TOTAL PRODUCTION VALUE</b>	<b>112,996,234</b>	<b>14,942,472</b>
<b>B) PRODUCTION COSTS</b>		
6.- Raw materials, supplies, consumables and merchandise	(20,729)	(18,697)
7.- Services	(95,201,531)	(8,948,079)
8.- Use of third-party assets	(1,859,721)	(268,178)
9.- Personnel		
a) wages and salaries	(3,797,237)	(2,756,813)
b) social security contributions	(1,103,452)	(796,577)
c) staff severance pay	(259,991)	(190,906)
d) pension and similar costs	(71,619)	(57,455)
e) other costs	(37,554)	(20,262)
Total personnel costs	(5,269,853)	(3,822,013)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(4,525,263)	(305,304)
b) depreciation of tangible assets	(167,022)	(387,462)
d) write-downs of current receivables and cash and cash equivalents	(547,538)	-
Total amortisation, depreciation and writedowns	(5,239,823)	(692,766)
12.- Provisions for risks	(336,056)	-
14.- Other operating costs		
a) capital losses on disposals	(253)	-
c) other	(1,034,957)	(89,082)
Total other operating costs	(1,035,210)	(89,082)
<b>TOTAL PRODUCTION COSTS</b>	<b>(108,962,923)</b>	<b>(13,838,815)</b>
<b>Difference between production values and costs</b>	<b>4,033,311</b>	<b>1,103,657</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from holding companies	57,096	116,252
Total financial income other than the above	57,096	116,252
Total other financial income	57,096	116,252
17.- Interest and other financial expenses		
d) interest and commissions payable to others and miscellaneous charges	(2,111)	(510)
Total interest and other financial expenses	(2,111)	(510)
17bis.- Foreign exchange gains and losses	(32,556)	(1,472)
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>22,429</b>	<b>114,270</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	-	-
<b>E) EXCEPTIONAL INCOME AND EXPENSE</b>		
20.- Income		
a) Capital gains relating to operations with significant effects on the structure of the company	12,523	-
e) Income relating to prior years	15,138	1,131
Total income	27,661	1,131
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>27,661</b>	<b>1,131</b>
<b>Result before taxes</b>	<b>4,083,401</b>	<b>1,219,058</b>
22.- Current income taxes for the year, and deferred tax assets and liabilities	2,765,967	(235,000)
<b>23.- Profit (loss) for the year</b>	<b>6,849,368</b>	<b>984,058</b>

## Rai Corporation - Italian Radio TV System in liquidation

<b>Company name:</b>	Rai Corporation – Italian Radio TV System in liquidation
<b>Date of incorporation:</b>	20 January 1960
<b>Object:</b>	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.
<b>Share capital:</b>	US Dollars 500,000 50,000 shares with par value of US Dollars 10 each Rai 100%
<b>Employees:</b>	none
<b>Sole Director</b>	Alessandro Pagano
<b>Liquidator</b>	Luigi Bergomi

The financial statements presented below have been prepared in accordance with Italian GAAP.

Financial statements of subsidiaries

**Rai Corporation - in liquidation****Balance Sheet - Assets**

(in US Dollars)	<b>12.31.2014</b>	12.31.2013
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS	-	-
II. TANGIBLE ASSETS	-	-
III. FINANCIAL ASSETS		
1.- Equity investments in:		
a) subsidiaries	-	1,000
Total equity investments	-	1,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>1,000</b>
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES		
4.- From parent companies	4,197,488	4,313,139
<b>TOTAL RECEIVABLES</b>	<b>4,197,488</b>	<b>4,313,139</b>
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	8,726	44,442
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>8,726</b>	<b>44,442</b>
<b>TOTAL CURRENT ASSETS</b>	<b>4,206,214</b>	<b>4,357,581</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	-	-
<b>TOTAL ASSETS</b>	<b>4,206,214</b>	<b>4,358,581</b>



**Rai Corporation - in liquidation****Balance Sheet - Liabilities**

(in US Dollars)	12.31.2014	12.31.2013
A) SHAREHOLDERS' EQUITY		
I. Share capital	500,000	500,000
VII. Other reserves	4,822,000	4,822,000
VIII. Profit (losses) brought forward	(1,335,619)	(2,826,498)
IX. Profit (loss) for the year	-	1,490,879
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,986,381</b>	<b>3,986,381</b>
B) PROVISIONS FOR RISKS AND CHARGES	187,364	329,406
C) PROVISION FOR STAFF SEVERANCE PAY	-	-
D) PAYABLES		
7.- Suppliers	22,469	15,200
9.- Subsidiaries	-	1,000
11.- Parent companies	-	15,651
12.- Tax payables	10,000	10,943
<b>TOTAL PAYABLES</b>	<b>32,469</b>	<b>42,794</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	-
<b>TOTAL LIABILITIES</b>	<b>4,206,214</b>	<b>4,358,581</b>

**Rai Corporation - in liquidation****Memorandum Accounts**

(in US Dollars)	12.31.2014	12.31.2013
1.- Unsecured guarantees granted	-	-
2.- Secured guarantees granted	-	-
3.- Purchase and sale commitments	-	-
4.- Other	-	-
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>-</b>	<b>-</b>

Financial statements of subsidiaries

**Rai Corporation - in liquidation****Income Statement**

(in US Dollars)	<b>12.31.2014</b>	12.31.2013
A) PRODUCTION VALUE		
1.- Revenues from sales and services	-	42,303
<b>TOTAL PRODUCTION VALUE</b>	<b>-</b>	<b>42,303</b>
B) PRODUCTION COSTS		
7. Services	(132,042)	(280,273)
8.- Use of third-party assets	-	(7,500)
9. Personnel		
a) wages and salaries	-	(66,032)
b) social security contributions	-	(5,051)
Total personnel costs	-	(71,083)
<b>TOTAL PRODUCTION COSTS</b>	<b>(132,042)</b>	<b>(358,856)</b>
Use of the Provision for liquidation charges and costs	132,042	316,553
Balance between production value and use of the Provision	-	(42,303)
Difference between production values and costs	-	-
C) FINANCIAL INCOME AND EXPENSES	-	-
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) contingent assets and reversal of non-existent liabilities	-	1,501,822
Total income	-	1,501,822
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>-</b>	<b>1,501,822</b>
<b>Result before taxes</b>	<b>-</b>	<b>1,501,822</b>
22.- Current income taxes for the year, and deferred tax assets and liabilities	-	(10,943)
<b>23.- Profit (loss) for the year</b>	<b>-</b>	<b>1,490,879</b>

## Rai Pubblicità SpA

Company name:	Rai Pubblicità SpA
Date of incorporation:	09 April 1926
Object:	<p>The Company object is:</p> <ul style="list-style-type: none"> <li>- the acquisition, on the domestic and international markets, of advertising, sponsorships, commercial and social communications and all other forms and kinds of advertising, destined for radio and television broadcasting, through whichever medium will be used in the present and in the future (airwaves, satellite, cable, free and/or pay channels/stations etc.);</li> <li>- the acquisition of advertising in the forms indicated above, destined for any other communication medium, present and future (such as the press, audio and video cassettes, posters, cinema, billboards, the Internet etc.).</li> </ul>
Share capital:	<p>Euro 10,000,000            100,000 shares with par value of Euro 100 each            Rai 100%</p>
Employees:	<p>350 on permanent contracts            10 on fixed-term contracts</p>
<b>Board of Director</b>	
Chairman:	Lorenza Lei
Managing Director:	Fabrizio Salvatore Piscopo
Directors:	<p>Giancarlo Leone            Angelo Teodoli            Andrea Vianello</p>
Board Secretary:	Laura Paschetto
<b>General Manager</b>	Luciano Flussi
<b>Board of Statutory Auditors</b>	
Chairman:	Flora De Filippis
Statutory Auditors:	<p>Carlo Cesare Gatto            Cesare Augusto Giannoni</p>
Alternate Statutory Auditors:	<p>Bernardo Bertoldi            Carmela Ermocida</p>

Financial statements of subsidiaries

**Rai Pubblicità SpA****Balance Sheet - Assets**

(in Euro)	<b>12.31.2014</b>	12.31.2013
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	34,761	-
6.- Intangible assets under development and payments on account	-	39,400
7.- Others	1,421,422	1,135,213
<b>TOTAL INTANGIBLE ASSETS</b>	<b>1,456,183</b>	<b>1,174,613</b>
II. TANGIBLE ASSETS		
1.- Land and buildings	20,552,274	21,791,330
2.- Plant and machinery	159,852	527,253
4.- Other assets	860,083	1,230,249
<b>TOTAL TANGIBLE ASSETS</b>	<b>21,572,209</b>	<b>23,548,832</b>
III. FINANCIAL ASSETS		
2.- Receivables		
d) from others	35,957	33,733
Total receivables	35,957	33,733
<b>TOTAL FINANCIAL ASSETS</b>	<b>35,957</b>	<b>33,733</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23,064,349</b>	<b>24,757,178</b>
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished products and merchandise	19,852	57,477
<b>TOTAL INVENTORIES</b>	<b>19,852</b>	<b>57,477</b>
II. RECEIVABLES		
1.- From customers	243,062,133	216,903,100
4.- From parent companies		
. due within 12 months	15,582,857	50,781,444
. due after 12 months	1,128,104	1,128,104
4.bis- Tax receivables		
. due within 12 months	254,121	-
. due after 12 months	81,980	128,621
4.ter- Deferred tax assets	740,734	810,614
5.- Other		
. due within 12 months	636,824	1,913,396
. due after 12 months	3,520,863	3,876,497
<b>TOTAL RECEIVABLES</b>	<b>265,007,616</b>	<b>275,541,776</b>
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	30,152	111,066
3.- Cash and cash equivalents on hand	7,326	25,876
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>37,478</b>	<b>136,942</b>
<b>TOTAL CURRENT ASSETS</b>	<b>265,061,883</b>	<b>275,698,570</b>
D) ACCRUED INCOME AND PREPAID EXPENSES	153,999	594,239
<b>TOTAL ASSETS</b>	<b>288,280,231</b>	<b>301,049,987</b>

**Rai Pubblicità SpA****Balance Sheet - Liabilities**

(in Euro)	12.31.2014	12.31.2013
A) SHAREHOLDERS' EQUITY		
I. Share capital	10,000,000	10,000,000
II. Share premium reserve	1,113,870	1,113,870
IV. Legal reserve	2,000,000	2,000,000
VII. Other reserves	12,630,240	12,616,473
VIII. Profits (losses) brought forward	6,249,722	6,249,722
IX. Profit (loss) for the year	7,890,312	8,013,767
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>39,884,144</b>	<b>39,993,832</b>
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	1,096,795	1,065,615
2.- Current and deferred taxes	2,700,571	2,718,349
3.- Other	8,002,030	8,463,965
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>11,799,396</b>	<b>12,247,929</b>
C) PROVISION FOR STAFF SEVERANCE PAY	4,666,350	5,283,564
D) PAYABLES		
5.- Due to other lenders	2,686,627	-
6.- Advances	316,888	819,752
7.- Suppliers	18,399,584	16,605,312
11.- Parent companies	206,378,721	216,600,980
12.- Tax payables	757,437	2,045,847
13.- Welfare and social security institutions	1,788,817	2,096,691
14.- Other payables	1,185,406	4,865,789
<b>TOTAL PAYABLES</b>	<b>231,513,480</b>	<b>243,034,371</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME	416,861	490,291
<b>TOTAL LIABILITIES</b>	<b>288,280,231</b>	<b>301,049,987</b>

**Rai Pubblicità SpA****Memorandum Accounts**

(in Euro)	12.31.2014	12.31.2013
1.- Unsecured guarantees granted	-	-
2.- Secured guarantees granted	-	-
3.- Purchase and sale commitments	245,521	275,369
4.- Other	36,158,161	85,194,581
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>36,403,682</b>	<b>85,469,950</b>

Financial statements of subsidiaries

**Rai Pubblicità SpA****Income Statement**

(in Euro)	<b>12.31.2014</b>	12.31.2013
<b>A) PRODUCTION VALUE</b>		
1.- Revenues from sales and services	675,871,372	682,827,348
5.- Other production-related income		
a) operating grants	9,982	18,847
b) gains on disposal of assets	17,406	15,190
c) others	7,308,936	7,498,914
Total other production-related income	7,336,324	7,532,951
<b>TOTAL PRODUCTION VALUE</b>	<b>683,207,696</b>	<b>690,360,299</b>
<b>B) PRODUCTION COSTS</b>		
6.- Raw materials, supplies, consumables and merchandise	(207,690)	(508,374)
7.- Services	(637,002,794)	(636,624,512)
8.- Use of third-party assets	(2,994,549)	(3,797,616)
9.- Personnel		
a) wages and salaries	(17,761,093)	(19,202,248)
b) social security contributions	(5,396,345)	(5,900,023)
c) staff severance pay	(1,319,605)	(1,533,405)
d) pension and similar costs	(531,934)	(586,614)
e) other costs	(417,225)	(527,342)
Total personnel costs	(25,426,202)	(27,749,632)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(1,349,719)	(1,269,588)
b) depreciation of tangible assets	(1,824,983)	(2,028,758)
Total amortisation, depreciation and writedowns	(3,174,702)	(3,298,346)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(3,063)	(37,625)
12.- Provisions for risks	(679,278)	-
14.- Other operating costs		
a) capital losses on disposals	(32,521)	(127)
c) other	(1,654,203)	(1,377,645)
Total other operating costs	(1,686,724)	(1,377,772)
<b>TOTAL PRODUCTION COSTS</b>	<b>(671,175,002)</b>	<b>(673,393,877)</b>
<b>Difference between production values and costs</b>	<b>12,032,694</b>	<b>16,966,422</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>		
16.- Other financial income		
a) from non-current receivables		
. other	4	12
Total income from non-current receivables	4	12
d) financial income other than the above		
. interest and commissions from holding companies	422,879	566,198
. interest and commissions from others and miscellaneous income	116,266	254,098
Total financial income other than the above	539,145	820,296
Total other financial income	539,149	820,308
17.- Interest and other financial expenses		
c) interest and commissions payable to parent companies	(25,827)	(10,344)
d) interest and commissions payable to others and miscellaneous charges	(366,576)	(403,649)
Total interest and other financial expenses	(392,403)	(413,993)
17bis.- Foreign exchange gains and losses	(10)	-
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>146,736</b>	<b>406,315</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	-	-
<b>E) EXCEPTIONAL INCOME AND EXPENSE</b>		
20.- Income		
a) Capital gains relating to operations with significant effects on the structure of the company	123,996	-
e) Income relating to prior years	113,292	91,756
Total income	237,288	91,756
21.- Expense		
a) Costs and capital losses relating to operations with significant effects on the structure of the company	(186,304)	(1,860,386)
g) Prior years' taxes	-	(1,069,250)
Total expense	(186,304)	(2,929,636)
<b>TOTAL EXCEPTIONAL INCOME AND EXPENSE</b>	<b>50,984</b>	<b>(2,837,880)</b>
<b>Result before taxes</b>	<b>12,230,414</b>	<b>14,534,857</b>
22.- Current income taxes for the year, and deferred tax assets and liabilities	(4,340,102)	(6,521,090)
<b>23.- Profit (loss) for the year</b>	<b>7,890,312</b>	<b>8,013,767</b>

## Rai Way SpA

Company 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 to support the transmission, distribution and dissemination, throughout Italy, San Marino and the Vatican City of the 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 related 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 related microwave or optical fibre transmission services.</p>	
Share capital:	Euro 70,176,000 272,000,000 shares with no par value Rai 65.07353%; third parties 34.92647%	
Employees:	623 on permanent contracts 15 on fixed-term contracts	
<b>Board of Directors</b>		
Chairman:	(until 18 September 2014) Roberto Sergio	(from 18 September 2014) Camillo Rossotto
Managing Director:	Stefano Ciccotti	
Directors:	(until 18 September 2014) Luca Balestrieri Luigi Rocchi	(from 18 September 2014) Salvatore Lo Giudice
	(from 31 January to 18 September 2014) Camillo Rossotto (until 31 January 2014) Luigi Gubitosi	(from 19 November 2014) Victoria Joyce Bigio Fabio Colasanti Alberto De Nigro Anna Gatti
Board Secretary:	(until 28 January 2015) Corrado Bontempi	(from 29 January 2015) Giorgio Cogliati
<b>General Manager</b>	Aldo Mancino	
<b>Board of Statutory Auditors</b>		
Chairman:	Maria Giovanna Basile	
Statutory Auditors:	Giovanni Galoppi Agostino Malsegna	
Alternate Statutory Auditors:	Roberto Munno Fernando Sbarbati	

The financial statements presented below have been prepared in accordance with international accounting standards.

Financial statements of subsidiaries

**Rai Way SpA****Statement of financial position**

(in Euro)	<b>12 months ended 12.31.2014</b>	12 months ended 12.31.2013
<b>NON-CURRENT ASSETS</b>		
Tangible assets	243,126,987	309,796
Intangible assets	630,885	-
Financial assets	577,728	201,892
Deferred tax assets	5,448,256	5,268,459
<b>TOTAL NON-CURRENT ASSETS</b>	<b>249,783,855</b>	<b>5,780,147</b>
<b>CURRENT ASSETS</b>		
Inventories	900,592	21,051,378
Trade receivables	64,401,606	50,430,228
Other receivables and assets	4,383,597	1,767,057
Financial assets	676,449	249,961,149
Cash and cash equivalents	14,657,765	-
Tax receivables	313,688	352,067
<b>TOTAL CURRENT ASSETS</b>	<b>85,333,697</b>	<b>323,561,879</b>
<b>TOTAL ASSETS</b>	<b>335,117,552</b>	<b>329,342,026</b>
<b>EQUITY</b>		
Share capital	70,176,000	70,176,000
Legal reserve	6,890,612	6,298,612
Other reserves	37,078,970	37,078,970
Profit (losses) brought forward	39,644,818	28,140,479
<b>TOTAL EQUITY</b>	<b>153,790,400</b>	<b>141,694,061</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	80,572,451	1,197,431
Employee benefits	21,326,026	19,492,977
Provisions	18,588,667	12,776,003
Other payables and liabilities	-	-
Deferred tax liabilities	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>120,487,144</b>	<b>33,466,411</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	35,951,405	82,963,606
Other payables and liabilities	21,689,239	11,091,177
Financial liabilities	294,899	57,382,342
Tax payables	2,904,466	2,744,429
<b>TOTAL CURRENT LIABILITIES</b>	<b>60,840,009</b>	<b>154,181,554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>335,117,552</b>	<b>329,342,026</b>



**Rai Way SpA****Separate Income Statement**

(in Euro)	<b>12 months ended 12.31.2014</b>	12 months ended 12.31.2013
Revenues	167,264,346	118,342,286
Other income	3,904,569	2,487,470
Acquisition of consumables	(1,701,657)	(1,861,914)
Services	(57,750,749)	(55,198,592)
Personnel	(45,443,766)	(49,705,434)
Other costs	(3,346,706)	(3,015,453)
Amortisation, depreciation and write-downs	(25,498,983)	(1,461,060)
Provisions	(410,000)	(1,185,000)
<b>OPERATING PROFIT</b>	<b>37,017,054</b>	<b>8,402,303</b>
Finance income	4,070,766	9,615,898
Finance expenses	(2,069,551)	(2,945,200)
<b>TOTAL FINANCE INCOME AND EXPENSES</b>	<b>2,001,215</b>	<b>6,670,698</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>39,018,269</b>	<b>15,073,001</b>
Income tax expense	(14,372,494)	(6,619,192)
<b>PROFIT FOR THE YEAR</b>	<b>24,645,775</b>	<b>8,453,809</b>

**Rai Way SpA****Comprehensive Income Statement**

(in Euro)	<b>12 months ended 12.31.2014</b>	12 months ended 12.31.2013
<b>PROFIT FOR THE YEAR</b>	<b>24,645,775</b>	<b>8,453,809</b>
Items that will not be classified subsequently to profit or loss		
Actuarial gains/(losses) relating to employee benefits	(1,927,501)	810,759
Tax impact	530,063	(222,958)
<b>COMPREHENSIVE PROFIT FOR THE YEAR</b>	<b>23,248,337</b>	<b>9,041,610</b>



# Financial statements of associated companies

## 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:	Euro 258,000
Held by:	Rai 27%; third parties 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 Euro
Held by:	Rai 33%; third parties 67%

## Euronews - Société Anonyme

Date of incorporation:	30 June 1992
Object:	Multilingual satellite news broadcasting.
Share Capital:	Euro 4,032,840 268,856 shares with par value of Euro 15.00 each
Held by:	Rai 20,56%; third parties 79,44%

## San Marino RTV SpA

<b>Date of incorporation:</b>	08 August 1991
<b>Object:</b>	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.
<b>Share Capital:</b>	516,460 Euro 1,000 shares with par value of Euro 516.46 each
<b>Held by:</b>	Rai 50%; ERAS 50%

## Tivù Srl

<b>Date of incorporation:</b>	24 September 2008
<b>Object:</b>	The company engages in the following activities: promotion of the 'Tivù' digital terrestrial platform; the promotion of the free digital terrestrial platform 'Tivù Sat'; the offer of services connected and/or instrumental to the digital terrestrial and satellite platforms; the development of all other activities necessary to allow the dissemination of the digital terrestrial platform and the complementary satellite platform.
<b>Share Capital:</b>	1,001,886 Euro
<b>Held by:</b>	Rai 48,16%; R.T.I. 48,16%; TI Media 3,5%; Others 0,18%

Financial statements of associated companies

## Summary of associated companies' 2014 financial statements

### Balance Sheet - Assets as at 12.31.2014

(in Euro)	AUDIRADIO (*) in liquidation	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-
<b>NON-CURRENT ASSETS</b>					
Intangible assets	-	9,525	311,572	5,132,541	141,187
Tangible assets	-	24,004	131,022	11,921,369	237,827
Financial assets	207	31,417	7,149	2,180,106	1,693,000
<b>CURRENT ASSETS</b>					
Inventories	-	-	-	191,995	238,351
Receivables	95,234	3,355,662	4,557,629	43,046,319	2,531,625
Current financial assets	-	-	500,000	2,221,048	-
Cash and cash equivalents	346,793	3,731,963	353,905	30,140,660	4,010,670
ACCRUED INCOME AND PREPAID EXPENSES	315	64,970	120,864	727,708	53,573
<b>TOTAL ASSETS</b>	<b>442,549</b>	<b>7,217,541</b>	<b>5,982,141</b>	<b>95,561,746</b>	<b>8,906,233</b>

(\*) latest figures available - 2013

### Balance Sheet - Liabilities as at 12.31.2014

(in Euro)	AUDIRADIO (*) in liquidation	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
<b>SHAREHOLDERS' EQUITY</b>					
Share capital, reserves and shareholder contributions to capital	(216,823)	1,555,929	4,428,904	24,393,081	4,211,464
Profit (Loss) for the year	8,117	477,044	(235,810)	(10,456,500)	1,485,930
PROVISIONS FOR RISKS AND CHARGES	299,625	-	-	14,906,085	607,000
PROVISION FOR STAFF SEVERANCE PAY	51,287	809,766	182,004	-	35,456
PAYABLES	300,343	4,358,263	1,542,596	64,037,989	2,564,408
ACCRUED EXPENSES AND DEFERRED INCOME	-	16,539	64,447	2,681,091	1,975
<b>TOTAL LIABILITIES</b>	<b>442,549</b>	<b>7,217,541</b>	<b>5,982,141</b>	<b>95,561,746</b>	<b>8,906,233</b>
MEMORANDUM ACCOUNTS	-	30,669,286	4,369,301	-	23,579

(\*) latest figures available - 2013

**2014 Income statement**

(in Euro)	AUDIRADIO (*) in liquidation	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
PRODUCTION VALUE	225,128	18,111,401	5,435,524	75,576,119	10,127,726
PRODUCTION COSTS	(227,361)	(17,956,288)	(5,669,666)	(76,266,885)	(7,952,090)
FINANCIAL INCOME AND EXPENSES	8,075	146,455	4,867	370,688	95,318
VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-	-	-	-
EXCEPTIONAL INCOME AND EXPENSE	2,275	325,187	(6,535)	(10,223,238)	(84)
Income taxes for the year	-	(149,711)	-	86,816	(784,940)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>8,117</b>	<b>477,044</b>	<b>(235,810)</b>	<b>(10,456,500)</b>	<b>1,485,930</b>

(\*) latest figures available - 2013

# Corporate Directory

## **Rai Headquarters**

Viale Mazzini, 14  
00195 Roma

Via Cavalli, 6  
10138 Torino

ph. +39 06 38781  
[www.rai.it](http://www.rai.it)

## **Rai Branch Offices**

**TV production**  
Largo Villy De Luca, 4  
00188 Roma

**Radio production**  
Via Asiago, 10  
00195 Roma

**Production**  
Corso Sempione, 27  
20145 Milano

**Production**  
Via Marconi, 9  
80125 Napoli

**Production**  
Via Verdi, 16  
10124 Torino

**Research**  
Via Cavalli, 6  
10138 Torino

## **Subsidiaries**

**Rai Cinema SpA**  
Piazza Adriana, 12  
00193 Roma

**Rai Corporation**  
c/o GC Consultants  
444 Madison Avenue - Suite 1206  
New York - NY 10022

ph. +39 06 684701  
[www.raicinema.it](http://www.raicinema.it)

**Rai Com SpA**  
Via Umberto Novaro, 18  
00195 Roma

**Rai Pubblicità SpA**  
Via Cavalli, 6  
10138 Torino

ph. +39 06 36861  
[www.rai-com.com](http://www.rai-com.com)

ph. +39 011 7441111  
[www.raipubblicità.it](http://www.raipubblicità.it)

**Rai Way SpA**  
Via Teulada, 66  
00195 Roma

ph. 800 111 555  
[www.raiway.it](http://www.raiway.it)





## Regional Offices

### Abruzzo

Via de Amicis, 27  
65123 Pescara

### Marche

Scalo Vittorio Emanuele, 1  
60121 Ancona

### Autonomous Province of Bolzano

Piazza Mazzini, 23  
39100 Bolzano

### Basilicata

Via dell'Edilizia, 2  
85100 Potenza

### Molise

Contrada Colle delle Api  
86100 Campobasso

### Autonomous Province of Trento

Via f.lli Perini, 141  
38122 Trento

### Calabria

Via G. Marconi snc  
87100 Cosenza

### Puglia

Via Dalmazia, 104  
70121 Bari

### Umbria

Via Luigi Masi, 2  
06121 Perugia

### Emilia Romagna

Viale della Fiera, 13  
40127 Bologna

### Sardegna

Via Barone Rossi, 27  
09125 Cagliari

### Valle d'Aosta

Loc. Grande Charriere, 70  
11020 Saint Christophe (AO)

### Friuli Venezia Giulia

Via Fabio Severo, 7  
34133 Trieste

### Toscana

Largo Alcide De Gasperi, 1  
50136 Firenze

### Veneto

Palazzo Labia - Campo San Geremia  
Cannaregio, 275  
30121 Venezia

### Liguria

Corso Europa, 125  
16132 Genova

### Sicilia

Viale Strasburgo, 19  
90146 Palermo

## Rai - Radiotelevisione Italiana SpA

### Parent company

Company name: Rai - Radiotelevisione italiana SpA  
Share Capital: Euro 242,518,100.00 fully paid up  
Registered office: Viale Giuseppe Mazzini, 14  
00195 - Roma

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2014. *A year with Rai.*