



(Courtesy Translation of the original document written in Italian)

INFORMATION DOCUMENT

drawn up pursuant to article 5 and in compliance with the c set forth in Annex 4 of the regulation approved by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended, concerning the amendment and extension of the duration of the contract for the provision of the "turnkey" service signed on 31 July 2014 between Rai Way S.p.A. and Rai - Radiotelevisione Italiana Spa

Rome, 17 December 2019

Information document made available to the public at the registered office of Rai Way S.p.A. (Rome, Via Teulada n. 66), on the website www.raiway.it of Rai Way S.p.A. as well as on the 1Info authorised storage platform - available at www.1Info.it on 17 December 2019.

DEFINITIONS

Agreement	the agreement signed by Rai (as defined below) and Rai Way (as defined below) on 10 December 2019 (i) to regulate the terms and conditions for the implementation by Rai Way of the network upgrade measures for the provision of the digital terrestrial broadcasting service to technological and regulatory changes relating to the Refarming process (as defined below), with consequent amendment to certain terms and conditions of the Service Contract (as defined below) and, (ii) also having regard to the overall time horizon required to adapt the network in view of the time envisaged by the regulations for the completion of the Refarming process, to mutually waive the right to terminate the Service Contract on expiry of the first seven-year period.
AGCOM	Italian Communications Authority (Autorità per le Garanzie nelle Comunicazioni)
RPT Committee	The Control and Risk Committee consisting of Paola Tagliavini (Chairman), Fabio Colasanti and Donatella Sciuto, who acts as a related party transaction committee pursuant to CONSOB Regulation no. 17221 of 12 March 2010, as subsequently amended, and to the Procedure (as defined below) adopted by the Company.
Board of Directors	The Board of Directors of Rai Way.
CONSOB	Commissione Nazionale per le Società e la Borsa (Italian Securities and Exchange Commission).
Service Contract	the service contract signed on 31 July 2014 (effective as from 1 July 2014) between Rai and Rai Way and relating to the provision by the Issuer of the Turnkey Service.
Information Document	this information document.
Rai Group or Group	Rai and the companies controlled by it.
MiSE	Ministry of Economic Development (Ministero dello Sviluppo Economico).
MUX	the group of audio, video and data signals at the end of the encoding and multiplexing process that is broadcast on a specific radio frequency channel.
Transaction	the signing of the Agreement.
Opinion of the RPT Committee	the reasoned opinion issued by the RPT Committee on the Issuer's interest in carrying out the Transaction as well as on the advantage and substantive fairness of the relevant conditions (enclosed with this Information Document).
Parties	indicates jointly the Company and Rai.
Procedure	the current procedure for related party transactions adopted by Rai Way.
Rai	Rai - Radiotelevisione Italiana Spa, with registered office in Rome, Viale Mazzini n. 14.
Rai Way or Company or Issuer	Rai Way S.p.A., with registered office in Rome, Via Teulada n. 66.
Refarming	the gradual release by network operators of the frequencies allocated to them at national and local level for the digital terrestrial television service, in accordance with the specific schedule envisaged by the Decree of the Ministry of Economic Development of 19 June 2019, and the allocation of the rights of use of the frequencies currently owned by network operators in the rights of use of the newly developed MUX transmission capacity in DVB-T2 technology.

RPT Regulation	the regulation containing provisions on related party transactions, adopted by CONSOB with resolution no. 17221 of 12 March 2010 as amended and supplemented.
Roadmap	the specific schedule for activities related to Refarming envisaged by the Decree of the Ministry of Economic Development of 19 June 2019, starting from 1 September 2021 and within June 2022.
Consolidated Law on Finance (TUF)	Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented.

Introduction

This information document (the "**Information Document**") was prepared by Rai Way S.p.A. ("**Rai Way**", the "**Issuer**" or the "**Company**") pursuant to and for the purposes of Article 5 of the regulation containing provisions on related party transactions, adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended (the "**RPT Regulation**") and pursuant to Article 6.2 of the procedure on related party transactions adopted by Rai Way (the "**Procedure**"). The Information Document was prepared in relation to the signing between the Issuer and Rai - Radiotelevisione Italiana Spa ("**Rai**"), on 10 December 2019, of an agreement (i) to regulate the terms and conditions for the implementation by Rai Way of the network upgrade measures for the provision of the digital terrestrial broadcasting service as defined in the Service Contract (the "**Digital Terrestrial Broadcasting Service**") to technological and regulatory changes relating to the Refarming process, with consequent amendment to certain terms and conditions of the Service Contract and, (ii) also having regard to the overall time horizon required to adapt the network in view of the time envisaged by the regulations for the completion of the Refarming process, to mutually waive the right to terminate the Service Contract on expiry of the first seven-year period (the "**Agreement**"), which shall therefore be deemed renewed until 31 July 2028 under the new terms set forth in point (i), without prejudice to the tacit renewal for a further seven years until 30 June 2035 (as provided for under the Service Contract).

The signing of the Agreement (the "**Transaction**") constitutes a related party transaction pursuant to Article 2.2. of the Procedure in that, at the date of the Information Document, Rai exercises control over Rai Way holding approximately 64.97% of the share capital.

In particular, the Transaction, considering the equivalent-value relevance ratio applicable to it, is a major transaction with related parties pursuant to the RPT Regulation and the Procedure, as better specified in Paragraph 2.5 below of the Information Document.

On 6 December 2019, the Board of Directors, following the approval of the Control and Risk Committee (the "**RPT Committee**" and the "**Opinion of the RPT Committee**"), approved the Transaction, proposing its conclusion to Rai.

The Transaction was concluded on 10 December 2019.

This Information document, published pursuant to the law, is made available to the public at the registered office of Rai Way (Rome, Via Teulada n. 66), on the website of Rai Way (www.raiway.it), as well as on the 1Info authorised storage platform (www.1Info.it).

1. WARNINGS

The Transaction referred to in this Information Document is a related party transaction pursuant to the Procedure by virtue of the investment relationships existing between Rai and Rai Way.

In particular, Rai exercises control over Rai Way holding approximately 64.97% of the share capital.

The Transaction, considering the equivalent-value relevance ratio applicable to it, is a major transaction with related parties pursuant to the RPT Regulation and the Procedure, as better specified in Paragraph 2.5 below of the Information Document.

The Transaction does not involve any particular risks related to potential conflicts of interest other than those typically inherent in related party transactions. In any case, in this regard, the Issuer activated the control units and measures envisaged by the laws and regulations in force and by the Procedure, considering that:

- the Transaction was started, assessed and approved through procedures in compliance with the RPT Regulation and the Procedure;
- at the end of the above procedure, with reference to the Transaction, the RPT Committee unanimously expressed, with the participation of all its members - and therefore without abstentions or votes against - a favourable opinion on the Issuer's interest in carrying out the Transaction, as well as on the advantage and substantive fairness of the related conditions (enclosed with this Information Document);
- for the purpose of issuing this opinion, the RPT Committee used the assessments of the Expert (as defined below) who issued a fairness opinion attesting the fairness of the total consideration and the economic advantage of the Transaction (enclosed with this Information Document).

For the sake of completeness, the situations of potential conflict of interest in relation to the Transaction are shown below:

- the Chairman of the Board of Directors is a managerial employee of Rai;
- Gian Paolo Tagliavia, Director, is a managerial employee of Rai and is CEO of Rai Pubblicità S.p.A., a company that, vis à vis Rai Way, is subject to the common control of Rai.

Lastly, note that the Chief Executive Officer (who also holds the position of General Manager) has a vested interest in the Transaction because, based on the short-term variable remuneration system (as illustrated in the Company's Remuneration Report approved by the Company's Board of Directors on 14 March 2019), the signing of the Agreement within the agreed terms will result in the achievement of one of the performance objectives identified for 2019 by the variable remuneration system.

2. INFORMATION RELATED TO THE TRANSACTION

2.1 Description of the characteristics, methods, terms and conditions of the Transaction

The Refarming process, as regulated by Italian Laws no. 205/2017 (2018 Budget Law) and no. 145/2018 (2019 Budget Law) and the secondary regulations that implemented them, will entail the necessary reconfiguration of digital terrestrial television broadcasting networks over the next three years.

As part of Refarming and considering the time horizon required for upgrading the transmission network of the Digital Terrestrial Broadcasting Service in the light of the Roadmap, the Parties have agreed to waive the right to terminate the Service Contract on expiry of the first seven-year period and to amend its contents, mainly to reflect the effects of Refarming on the Turnkey Service (as defined below) subject matter of the Service Contract and on the relevant considerations, by signing the Agreement on 10 December 2019.

Considering that, with the conclusion of the Agreement, the Parties - following the waiver of the right to terminate - agreed to confirm the effectiveness of the Service Contract for the second seven-year period, by amending at the same time some relevant provisions, including those related to the subject matter and consideration, in order to provide a complete description of the Transaction, the main provisions of both the Service Contract and the Agreement that amended some of its contents are illustrated below.

2.1.1 The Service Contract

The Service Contract was signed by Rai and Rai Way on 31 July 2014, with effect from 1 July 2014.

In accordance with the Service Contract, Rai entrusted Rai Way on an exclusive basis with the provision of the services contemplated therein for a consideration, and Rai Way undertook to provide the services subject matter of the Service Contract by organising the means required and managing the operations at its own risk. In order to provide each of these services, Rai Way has the right to use sub-contractors, without prejudice to its primary responsibility towards Rai.

(a) "Turnkey" Service and new services

Turnkey Service

In accordance with the Service Contract, Rai Way offers Rai a "turnkey" service to be provided without interruption and including all the services related and/or connected to the development of electronic communication networks and telecommunication networks in general and/or the standards and transmission technologies existing, known and/or foreseeable to date, which are necessary and/or useful to guarantee: (i) the regular transmission and broadcasting, in Italy and abroad, of MUXes assigned to Rai in accordance with applicable regulations, including audio and/or video content of Rai and/or third parties; (ii) the regular transmission and broadcasting, in Italy and abroad, of the radio and television signal, broadcast by any means and/or technology, relating to the audio and/or video content belonging to Rai itself (both internally produced and, in whole or in part, by third parties); as well as (iii) the regular fulfilment of Rai's legal requirement to provide a public service (which includes services in the field of technological innovation; research services; management services of relations with users).

The "turnkey" service is broken down into (i) network services as defined in the Service Contract (including the Digital Terrestrial Broadcasting Service) (the "**Network Services**") identified and described in the relevant

technical annex to the Service Contract and in the relevant appendices (the "**Technical Annex**") and (ii) new services (the New Services, as defined below, and the Network Services hereinafter jointly, the "**Turnkey Service**").

In particular, the Service Contract provides for the possibility of activating on request further "new" services, i.e. services related or connected to the development of new electronic communication and telecommunications networks or new technologies and transmission standards foreseeable at the signing date not expressly included in the Service Contract, but in any case necessary or useful to ensure the fulfilment of the legal requirement to provide a public service, the regular carrying-out of technological activities belonging to Rai and the regular management and broadcasting of MUXes (the "**New Services**"). In the event of failure to reach an agreement with Rai on the terms and conditions of the provision of the New Services, the management bodies provided for by the Service Contract referred to in letter (e) below shall be used.

New services

In addition to the above, the Issuer is granted an exclusive right of first negotiation in relation to further services, called "new services", not provided for in the Service Contract and relating to services connected to the development of new electronic communications or telecommunications networks and/or new transmission technologies and standards not known, nor foreseen or foreseeable at the date of the Service Contract (for example, management services; consultancy; design; planning; support), as well as technological services, not foreseen or foreseeable on the same date, but that become necessary for carrying out Turnkey Service. In the event of failure to reach an agreement with Rai on the terms and conditions of the provision of the "new services", the latter will have the right to contact third parties for the same services.

Needs arising and modification of existing services

In the provision of the Turnkey Service and of the individual services of which it is composed, any needs and requirements arising for Rai are expected to be checked - on a regular basis or as soon as the need arises - in order to adjust the services. Should the above mentioned needs and requirements arising entail a lesser or greater extension of the services themselves and their different economic assessment, the Issuer and Rai shall negotiate in good faith the revision of the consideration on the basis of current market prices.

Service credits

The Service Contract provides for penalties (known as *service credits*) to be paid by the Issuer in the event of non-compliance or non-performance of the agreed service levels, which are measured on the basis of reports prepared by the Company on a quarterly basis. The amount of penalties is commensurate with the amount of revenues linked to the individual service to which the service credit refers. With a specific attention to the Digital Terrestrial Broadcasting Service, the service level takes account, among other things, of the duration of the possible disruption, the number of inhabitants affected and the time slot in which this disruption occurred. In any case, the Service Contract establishes the agreement between the Parties on the expectation of a maximum amount (known as "cap") applicable to service credits equal to 1% of the annual value of the Service Contract itself.

(b) Duration and right of withdrawal

The Service Contract has an initial duration of seven years from its effective date (i.e. from 1 July 2014) and is tacitly renewed for further periods of seven years, up to a maximum total duration of twenty-one years, unless terminated by one of the Parties with at least twelve months' notice.

As from the end of the first seven years of the contract, Rai has the right to withdraw, in whole or in part, from the Service Contract. As a partial exception to the above, Rai is expected to exercise the right of withdrawal from the first year of the contract duration, exclusively as a result of (i) force majeure events - defined as events of an extraordinary nature, occurring after the signing date, which cannot be avoided even using the utmost diligence, which make it objectively impossible to fulfil one or more of the obligations provided for in the Service Contract - or (ii) "institutional changes" consisting of all requests for modification or implementation of one or more services made by Rai to implement procedural or implementation agreements and protocols signed by Rai itself with the competent authorities (such as MiSE or AGCOM), even if already known at the signing date and/or being defined with these authorities. The notice required for exercising of the right of withdrawal is twelve months. Consequently, even in the event that the withdrawal should entail the termination of one or more services subject matter of the Service Contract before the expiry of the aforesaid notice period (e.g. following a force majeure event), the notice period shall be fully paid by Rai to Rai Way. Without prejudice to the foregoing, in relation to the second seven-year period, in all cases of withdrawal *ad nutum*, Rai will be required to pay the Company, in addition to the remodulated pro rata annual consideration for the service rendered up to the effective date of withdrawal, also further amounts by way of penalty, calculated on the basis of coefficients set out in a technical annex to the Service Contract.

(c) Consideration

The consideration in favour of the Issuer for the provision of the Network Services was set at € 85,500,000.00, plus VAT, for the period from 1 July to 31 December 2014. Starting from the year 2015 and for each subsequent year of contract duration, the consideration in favour of the Issuer was set at € 175,000,000.00, plus VAT. Moreover, as from 1 January 2016, the above consideration was recalculated based on the latest available consumer price index in Italy (FOI), as determined by ISTAT based on the amount available at 31 December of each year of contract duration, with reference to the previous twelve months.

For the services provided by Rai Way through the resources of third-party operators, the relevant consideration is expected to be determined based on the considerations paid by the Issuer to such third parties for the provision of the same services, plus a *management fee equal to 5%* (the "**Mark-up Services**").

Any one-off technical support services are subject to predetermined *ad hoc* rates (the "**One-off technical support services**"). In relation to any "new services" referred to in the Service Contract, the consideration is expected to be agreed in good faith between the Parties in accordance with the "fair market value" criterion, i.e. on the basis of current market prices for comparable services and provided in accordance with the service levels for comparable services available on the market, it being understood that, at all times, the aforesaid considerations shall in any case not be higher than those of the services provided by the Issuer to its best customer on that date for similar types, volumes and service levels.

(d) Transfer and assignment of the Service Contract

If the Issuer intends to transfer, for any reason whatsoever, or establish rights in favour of third parties whose subject matter, in whole or in part, directly or indirectly, is the network, Rai Way undertakes to treat the relevant agreement with Rai as a priority.

Both Rai and Rai Way are also not allowed to assign the Service Contract and/or any interest, right or obligation arising from it, in whole or in part, directly or indirectly, without the prior written consent of the other party.

(e) Management bodies

For the purposes of managing the Service Contract, the following bodies are established.

- i. Operational Committee, composed of four members called operating managers, two of whom appointed by Rai Way and two appointed by Rai, is the body responsible for the general management of issues related to the Service Contract. Its tasks include, but are not limited to, the monitoring, management and updating of processes and service delivery methods; the sharing and planning of Rai's requirements with regard to the provision of services; the reporting to the Management Committee (described below) of significant changes and/or development related to the services; the definition of proposed changes to the envisaged service levels; the periodical check of any need arising of Rai that may require changes, in whole or in part, to the services; the analysis aimed at possible revisions/adjustments of the envisaged consideration. The Operational Committee also acts as the body of first instance in the event of any disputes that may arise in relation to the carrying-out of the Service Contract and the provision of services, also providing preliminary investigation support to the Parties for the settlement of any disputes in relation to the provision of new services.
- ii. Management Committee, composed of four members other than the operating managers, two of whom are appointed by Rai Way and two appointed by Rai, has the task of discussing and resolving stalemates or disputes that have not already been resolved within the Operational Committee and subject to the request of at least two members of this last body.
- iii. Panel of arbitrators: responsible for settling disputes or resolving stalemates relating to the resolutions of the Management Committee, and composed of three members, experts in the field of transmission and broadcasting of radio and television programmes, the first of whom appointed by the party requesting the intervention of the Panel, the second appointed by the other party (or, failing that, by the Chairman of the Court of Rome) and the third, who takes the chair, appointed by mutual agreement by the two arbitrators (or, failing that, by the Chairman of the Court of Rome).

(f) Arbitration procedure

Any dispute that may arise between the Parties regarding the validity, interpretation and performance of the Service Contract (which has not already been settled through the intervention of the above mentioned management bodies) will be exclusively referred to formal arbitration based on law.

2.1.2 The Agreement

The Agreement was signed on 10 December 2019.

By signing the Agreement, the Parties (i) regulated the terms and conditions for the implementation by Rai Way of the network upgrade measures for the provision of the Digital Terrestrial Broadcasting Service to technological and regulatory changes relating to Refarming, with consequent amendment to certain terms and conditions of the Service Contract and, (ii) also having regard to the overall time horizon required to adapt the network in view of the time envisaged by the regulations for the completion of Refarming, mutually waived the right to terminate the Service Contract on expiry of the first seven-year period, which shall therefore be deemed renewed until 30 June 2028 under the new terms set forth in point (i).

The main provisions of the Agreement are summarised below.

(a) Renewal of the Service Contract

In accordance with the Agreement, the Parties mutually waived the right to terminate allowed by the Service Contract on expiry of the first seven-year period and, therefore, the Service Contract is deemed to be renewed under the new terms provided for in the Agreement for a further seven years until 30 June 2028, without prejudice to the tacit renewal for a further seven years until 30 June 2035 (as provided for under the Service Contract).

(b) New Technical Annex

The Technical Annex was replaced by a new annex (the "**New Technical Annex**") in which (i) the Network Services already illustrated in the Technical Annex were replicated by defining the current component of the Digital Terrestrial Television Broadcasting Service as "pre-Refarming Digital Terrestrial Television Broadcasting Services" and (ii) the description of the post-Refarming Digital Terrestrial Television Broadcasting Services has been added, all other Network Services remaining unchanged. In accordance with the Agreement, the start of the provision by Rai Way to Rai of post-Refarming digital terrestrial television broadcasting services and the termination of the provision of pre-Refarming digital terrestrial television broadcasting services will be gradually carried out considering the Roadmap.

Note that, as a result of the allocation of the new rights of use of the frequencies, Rai was assigned two MUXes as well as the transmission capacity corresponding to 0.5 MUX with no specification of frequency. The 2019 Budget Law also envisaged the possibility of awarding via non-competitive bid four additional blocks of transmission capacity corresponding to 0.5 MUX each, which, if RAI intends to participate and is the assignee, would mean RAI owning three MUXes. The New Technical Annex was agreed upon by assuming the implementation and management of a third MUX by Rai Way. For the regulations agreed between the Parties in relation to the determination of the consideration in case of failure to assign three MUXes, please refer to Paragraph (c) below.

(c) Consideration for Network Services and New Services

In accordance with the Agreement, the Parties agreed to change the consideration provided for in the Service Contract for Network Services and New Services as from 1 July 2021 by assuming the implementation by Rai Way of a third MUX (additional to the two MUXes referred to in paragraph 2.1.2 (b) of this Information Document) (the "**Third MUX**"), as follows:

- a) as from 1 July 2021, the annual consideration for Network Services will be € 195.4 million net of the revaluation based on the ISTAT index for the years 2020 and 2021 to be calculated starting from the consideration for Network Services for 2019 (i.e. € 179 million) (the "**New Consideration**"). The New Consideration includes (i) an increase of € 15.8 million compared to the current consideration, due to the revision of the Digital Terrestrial Broadcasting Service as a result of Refarming (including the Extension of the Digital Terrestrial Television Broadcasting Service (DTT) MUX 2-3-4) (the "**Annual Increase**") and (ii) € 600,000.00 following the reclassification as an integral part of the Network Services subject matter of the Service Contract, as from 1 July 2021, of some of the New Services currently provided by Rai Way to Rai under the Service Contract ("**Reclassified New Services**"). As from 2022, the New Consideration of Network Services will be revalued on the basis of the ISTAT index;
- b) the consideration relating to the New Services currently provided by Rai Way to Rai under the Service Contract other than (i) the project relating to the Extension of the Digital Terrestrial Television Broadcasting Service (DTT) MUX 2-3-4 (the "**Coverage Extension** ") and (ii) the Reclassified New Services, will continue to be regulated in compliance with the relevant offers in force, whereas the consideration relating to any further New Services that may be agreed upon after the signing of the Agreement will continue to be determined in accordance with the criteria set out in the Service Contract.

It is understood that the above considerations do not include: (i) One-off technical support services; (ii) Mark-up Services, the considerations for which will continue to be determined in accordance with the criteria set out in the Service Contract.

In accordance with the Agreement, if Rai is not the exclusive assignee of the Third MUX and does not request Rai Way to implement and manage the network for the Third MUX or for the new network (see paragraph (e) below), the Annual Increase will be reduced by € 6,000,000 and therefore will be equal to € 9,753,650.

(d) Design changes

Should Rai Way request the implementation of additional plants compared to the amounts of the network project indicated in the New Technical Annex, the related investments and additional costs for Rai Way will be remunerated as development activities in line with the remuneration paid to Rai Way for "New Services".

As part of Refarming, during the detailed design by Rai Way, the amount of the network for the Digital Terrestrial Broadcasting Service may be subject to changes at the request of one of the Parties, provided that such changes: (i) do not prevent the issue of the required authorisations, and (ii) do not affect the achievement of the coverage provided for in the service contract between MiSE and Rai. In such cases, the Parties undertake to renegotiate the consideration in good faith in the light of the amount and type of the changes required.

(e) Effects of the timing of assignment and the actual technical characteristics of the Third MUX

In case of exclusive assignment of the Third MUX to Rai, Rai entrusted Rai Way with the implementation and management of the network for the Third MUX against the New Consideration. Should the availability of the Third MUX not be exclusive, Rai may still request Rai Way to implement and manage it for the New Consideration. Should the confirmation of the implementation of the Third MUX be received by Rai Way after 30 April 2020, the Parties shall agree on any changes to the New Consideration resulting from any higher costs related to the delay in starting implementation activities. The Parties also envisaged to determine in good faith the new timing and any changes to the New Consideration should the characteristics of the assigned Third MUX be different from those considered in the New Technical Annex.

(f) Penalties

In accordance with the Agreement, the penalties provided for in the Service Contract in case of withdrawal of Rai from the Digital Terrestrial Broadcasting Service due to the occurrence of "*ad nutum*" changes were increased by virtue of the new investments to be incurred.

(g) Support Service

For the purposes of assessing potential impacts on the coverage of the various network configurations that can be implemented, also following specific requests by competent authorities and/or government bodies, a specialist support service is envisaged by Rai Way in favour of Rai against a consideration of € 500,000.00 to be paid by 31 December 2019.

(h) Service Levels

The service levels of operating post-Refarming digital terrestrial broadcasting services will be the same as those applied pre-Refarming.

(i) Withdrawal

The Agreement envisages that any invalidity, ineffectiveness, termination or non-renewal of the agreement referred to in the Decree of the Prime Minister of 28 April 2017 (concerning the concession of public radio, television and multimedia services) constitutes an event that legitimises both Rai and the Issuer to exercise the right to withdraw from the Service Contract. Until the effective date of withdrawal that will be indicated by the Party in the relevant notice of withdrawal and that the other Party may request to advance, the consideration provided for in the Service Contract in favour of Rai Way shall in any case be due, it being understood that, following the withdrawal, (i) no compensation, penalty or damages may be requested in favour of the person who received the notice of withdrawal and (ii) the penalties provided for in the Service Contract in case of withdrawal *ad nutum* by Rai will not apply.

(j) Event of failure to reach an agreement

In the event of failure to agree on certain elements of the Agreement (to be defined under the Agreement), the Parties will entrust the determination of those elements to a third party jointly appointed as arbitrator.

2.2 Indication of the related parties with which the Transaction was carried out, the relevant level of correlation, the nature and extent of the interests of such parties in the Transaction

As at the date of the Information Document, Rai is a related party of the Issuer pursuant to Article 2.2 of the Procedure, exercising control over the latter, holding a stake in Rai Way of approximately 64.97% of the share capital.

2.3 Indication of the economic reasons and advantage for the Company of the Transaction

As indicated above, the regulatory changes introduced by Italian Laws no. 205/2017 (2018 Budget Law) and no. 145/2018 (2019 Budget Law) and the secondary regulations that implemented them, will entail the necessary reconfiguration of digital terrestrial television broadcasting networks over the next three years.

Rai is obliged, in order to continue to provide the national public television service, to use - considering the Roadmap's time horizon - a digital terrestrial television broadcasting network that allows it to operate in compliance with the aforementioned regulatory provisions and that meets the new technological standards required.

In this context, Rai Way has an interest in the Transaction as the Transaction allows Rai Way to continue to provide the Digital Terrestrial Broadcasting Service to Rai for a period of not less than the second seven-year period of the Service Contract. Moreover, Rai Way has an interest in the Transaction in that the Transaction allows it to make the necessary investments, against an incremental consideration, by upgrading its network to current regulations and new technological standards (and therefore to equip itself with a network that allows it to continue its typical activity).

With regard to the advantage and fairness of the Transaction and the related conditions, the Board of Directors of Rai Way, based on the preliminary investigation documents received and the Opinion of the RPT Committee together with the fairness opinion prepared by the Expert, noted the interest of Rai Way in carrying out the Transaction and the advantage and substantive fairness of the related conditions.

2.4 Method of calculation of the consideration for the transaction

As shown above, with the conclusion of the Agreement, the Parties - following the waiver of the right to terminate - agreed to confirm the effectiveness of the Service Contract for the second seven-year period by amending at the same time some relevant provisions, including those relating to the subject matter and the consideration. The consideration for the Transaction is therefore equal to the consideration provided for in the Service Contract (as amended by the Agreement) against the provision of the Turnkey Service (as amended by the Agreement) for the period between 1 July 2021 and 30 June 2028, as a result of the waiver of the right to terminate provided for in the Service Contract on expiry of the first seven-year period, i.e. on 30 June 2021. The total consideration that Rai will be required to pay Rai Way for the Turnkey Service for the aforementioned seven-year period, assuming that Rai Way is required to implement the Third MUX with the characteristics identified in the New Technical Annex, is equal to approximately € 1,368.3 million (net of the revaluation of the consideration year by year based on the applicable ISTAT Index), including € 500,000.00 as a *una tantum* compensation for the provision by Rai Way of the Support Service referred to in Paragraph 2.1 (g), to be paid by 31 December 2019.

In support of its assessments on the fairness of the total consideration established under the Service Contract and on the advantage of the Transaction, the RPT Committee availed itself of EY Advisory S.p.A. (the "**Expert**") as independent expert. In particular, the RPT Committee appointed the Expert to issue a fairness opinion on (i) the fairness of the total consideration under the Service Contract following the Refarming process and (ii) the economic advantage of the Transaction, in particular also with regard to the investments to be made by Rai Way in the context of the Transaction, in order to support the RPT Committee in formulating the Opinion of the RPT Committee with reference to the substantive fairness and economic advantage of the Transaction.

On 4 December 2019, the Expert delivered his/her fairness opinion (already submitted in advance in the expected contents and discussed with the RPT Committee) in which he/she illustrated the analysis carried out in relation to the fairness of the total consideration and the economic advantage of the Transaction. The Expert, for the purposes of his/her analysis, divided the Service Contract consideration on an annual basis, as redefined in the Transaction, into the following types of services: (i) television broadcasting services including contribution services; (ii) radio broadcasting services; (iii) Mark-up Services. For the purposes of the fairness opinion on the fairness of the total consideration, the latter is analysed separately in relation to the three categories of service mentioned above. For the purposes of the fairness opinion on the economic advantage of the Transaction, the analysis was carried out over a time horizon from 2019 to 2035, considering the last expiry of the Service Contract, based on the valuation of the increases in the Digital Terrestrial Broadcasting Service consideration and taking account of the investments that Rai Way will have to sustain in the Refarming process. In relation to the terms and subject matter of the assignment conferred on the Expert as well as the assessments made by him/her, please refer to the fairness opinion attached to this Information Document.

Fairness opinion on the fairness of the total consideration

For "Television Broadcasting Services", the estimated consideration for the Service Contract following the Refarming process was compared with the consideration of the service contract between EI Towers and Mediaset¹ for digital terrestrial television broadcasting services also following the Refarming process. With the number of equipment managed for the Digital Terrestrial Broadcasting Service being equal, the consideration of the Service Contract is higher than that of the above-mentioned service contract between EI Towers and Mediaset, also due to the fact that Rai Way owns the broadcasting equipment. The base scenario analysed assumes that Rai Way will manage three MUXes under the Service Contract. Moreover, the scenario in which the number of MUX managed is two was also analysed.

For "Radio Broadcasting Services", a benchmark analysis was carried out with a panel of radio companies for each of the three cost items indicated below, based on the depth of information contained in the companies' financial statements: (i) rental cost of radio stations, (ii) maintenance cost and (iii) electricity cost. For each of the expense items, the average unit cost per equipment was calculated. The total average unit cost obtained from the benchmark analysis of comparable companies was then compared with the average unit cost of Rai Way.

For "Mark-up Services", a benchmark analysis was carried out with a panel of comparable companies in terms of provision of brokerage services, selected on the basis of a certain margin level (EBIT / Cost of Production). The mark-up applied by Rai Way was then compared with the weighted average of the average mark-ups observed for the identified panel. This comparison reflects the fairness of the mark-up applied by Rai Way.

¹ Signed by the subsidiary Elettronica Industriale.

Fairness opinion on the economic advantage of the Transaction

The analysis of the economic advantage of the Transaction was developed taking account of the need to apply sustainable economic conditions for Rai Way. The main assumptions concerning the economic advantage approach of the Transaction are based on the incremental financial flows deriving from the Transaction related to the Digital Terrestrial Broadcasting Service and taking account of the investments that Rai Way will have to sustain in the Refarming process that assumes the assignment of the Third MUX to Rai. Moreover, the incremental flows are related to a time horizon from 2019 to 2035 considering the last expiry of the Service Contract.

The value generation of the Transaction was checked by discounting the incremental flows to a WACC considered adequate. The value generation is checked if the internal rate of return (hereinafter "IRR") is higher than the WACC discount rate. Consequently, the net present value (hereinafter "NPV") of the Transaction is positive. In terms of economic advantage, the Transaction is deemed to be adequate in the light of the following considerations: (i) the IRR of the incremental flows deriving from the Transaction and relating to the Digital Terrestrial Broadcasting Service is higher than the WACC discount rate; (ii) the NPV of the incremental flows, considering a WACC deemed adequate, is positive. The same approach was applied to the scenario of early withdrawal *ad nutum* of Rai from 2021 to 2028. In this scenario, the incremental flows include the amount of penalties that Rai will have to pay to Rai Way due to the withdrawal *ad nutum*. In all the scenarios of withdrawal *ad nutum* from 2022 to 2028, the Transaction is deemed to be adequate in the light of the following considerations: (i) the IRR of the incremental flows deriving from the Transaction and relating to the Digital Terrestrial Broadcasting Service is higher than the WACC discount rate; (ii) the NPV of the incremental flows, considering a WACC deemed adequate, is positive.

By virtue of the assignment given, the Expert reported the fairness of the total consideration as amended by the Agreement in the various cases and the economic advantage of the Transaction. Based on this assessment, the RPT Committee unanimously delivered a favourable opinion on the Transaction on 4 December.

The Expert was identified and selected by the RPT Committee also by virtue of the specific experience gained by this advisor in relation to the subject matter of the Transaction. In this context, with regard to the independence of the Expert, a statement was made by the latter certifying that EY Advisory S.p.A. itself and EY S.p.A.: (i) were not counterparts of the Transaction; (ii) were not related parties of the Company and/or related parties of the counterpart of the Transaction; (iii) did not have, or had in the past, any economic, equity and/or financial relations with: (a) the Company; (b) the parties controlling the Company; (c) the companies controlled by the Company or subject to joint control with the Company; and/or (d) the directors of the companies indicated in points (a), (b) and (c) above, to the extent that such present or past relationships are likely to compromise their independence and autonomy of judgement; or (iv) were not in charge of auditing the Company's accounts.

2.5 Illustration of the income statement, balance sheet and financial effects of the transaction

The conclusion of the Agreement is to be considered a "major" related party transaction pursuant to the RPT Regulation and the Procedure in that the threshold of major relevance for the Issuer is equal to € 72,488,000 (hereinafter referred to as the "**Threshold of Relevance**"), applying the equivalent-value relevance ratio of the Transaction, to be determined as 5% of Rai Way's capitalisation (equal to € 1,449,760,000) as at 30 September 2019, i.e. at the end of the last opening trade day included in the reference period of the most recent financial report published by Rai Way.

Against the provision of Network Services in the period from 1 July 2021 to 30 June 2028 (as a result of the waiver of the right to terminate provided for in the Service Contract on expiry of the first seven-year period, i.e. on 30 June 2021), Rai Way will be required to pay a total of € 1,368.3 million, net of the revaluation based on the ISTAT index, including € 500,000.00, by way of consideration, for the provision by Rai Way of the Support Service. It is understood that the amount of Euro 1,368.3 million assumes the implementation of the Third MUX with the characteristics identified in the New Technical Annex and does not include the consideration for One-off Technical Support Services, Mark-up Services, New Services (other than the Reclassified New Services and the Coverage Extension) and any "new services" (as described in Paragraph 2.1 above) that shall continue to be determined in the manner currently set forth in the Service Contract.

Therefore, the performance of the Agreement will result for the Issuer, during the entire period of its validity, in the following effects.

Income statement effects

Against the provision of the new post-Reforming digital terrestrial broadcasting services, Rai will pay Rai Way the consideration, within the terms indicated in paragraph 2.1.2(c) above.

Note that as at 31 December 2018, total revenues relating to the Service Contract amounted to € 184.6 million, of which € 1.0 million relating to the Coverage Extension. The installation activities relating to the aforementioned extension project, currently underway, is expected to be completed in 2020 and therefore revenues relating to this New Service are expected to increase gradually over the next few years to reach € 5.0 million (net of the revaluation based on the ISTAT index) in the first six months of 2021. Starting from the second half of 2021, the contribution for the Coverage Extension will be included in the consideration of the Network Services as a result of the Annual Increase.

Taking account of the net effect of the higher operating costs related to the operation of the new networks and the greater efficiency resulting from the use of more advanced technologies, it is estimated that the impact on margin level is substantially in line with the increase in revenues.

The investments planned to upgrade the network, amounting to approximately € 150 million (including the investments envisaged by the already existing agreement for the Coverage Extension), to be made by 2022, will generate depreciations of approximately € 13 million.

Note also that if Rai does not achieve the availability of the third MUX and Rai Way consequently manages two post-Reforming MUXes, the Annual Increase will be reduced by € 6.0 million from € 15.8 million to € 9.8 million, against lower investments estimated at around € 25 million (and consequent lower depreciations of around € 2 million). This reduction will also be partially offset at operating margin level by lower operating costs.

Balance sheet effects

As a result of the investments, amounting to approximately € 150 million, which Rai Way plans to support for network adjustment, an equivalent increase in the value of the Company's tangible fixed assets net of expected depreciations is expected. These investments, initially financed with available cash and additional financial payable, will be gradually repaid with the increase in the expected consideration due to the revision of the Digital Terrestrial Broadcasting Service as a result of Refarming.

Financial effects

The financial effects of the Transaction are mainly related to the cash flows deriving from the management of the collections of the considerations provided for in the Service Contract and from the payments relating to the expected investments.

2.6 Impact on the remuneration of members of the Board of Directors of the Company and/or companies controlled by it

The carrying-out of the Transaction is intended to have an impact on the amount of the remuneration of certain members of the Board of Directors of Rai Way.

In particular, based on the short-term variable remuneration system (as illustrated in the Company's Remuneration Report approved by the Company's Board of Directors on 14 March 2019), the signing of the Agreement will result in the achievement of one of the performance objectives identified for 2019 in relation to the Chief Executive Officer.

2.7 Any members of the management and control bodies, general managers and executives of the Issuer involved as related parties in the Transaction

Note that the Transaction does not involve, as related parties, members of the management and control bodies, general managers and executives of Rai Way, without prejudice, for the sake of completeness, to the interests of certain members of the Board of Directors, previously indicated in this Information Document.

2.8 Approval procedure of the Transaction

As described in the previous paragraphs, the Transaction falls within the scope of application of the Procedure in that a "major related party transaction". Therefore, the Transaction was approved in compliance with the procedures and regulations envisaged pursuant to Article 4.2 of the Procedure.

Note that the negotiations relating to the Transaction were carried out by some managers of the Company coordinated by the Chief Executive Officer.

The RPT Committee received complete, adequate and timely information in good time on the start and progress of negotiations relating to the Transaction, with the opportunity to make comments and request information, negotiations that were discussed, analysed in depth and updated during various meetings of the RPT Committee. In particular, the RPT Committee was informed of the start of the negotiations relating to the Transaction on 1 November 2019 by sending a summary note to all members, containing the essential terms and conditions of the Transaction (thus receiving a first copy of the draft Agreement at a subsequent meeting held on 13 November 2019), since methodological aspects relating to the determination of the consideration were also discussed there. Subsequently, the RPT Committee received further information on the progress of the negotiations and the preliminary investigation. In particular, the RPT Committee was the recipient of the following information flows:

- i. on 21 November 2019, the members of the RPT Committee received, by email, a new draft Agreement updated with the developments of the negotiations still in progress, with reference, among other things, to the increase in the consideration and the extension of the "new" services provided by Rai Way. At the same time as this document, the RPT Committee also received drafts of the relevant annexes;
- ii. on 30 November 2019, the RPT Committee received, through its Chairman and again by email, a further version of the Agreement and its annexes, updated with the latest developments on the negotiations, still ongoing, between Rai and Rai Way;
- iii. finally, on 3 December 2019, a substantially final version of the Agreement for Rai Way was sent to the RPT Committee, again through its Chairman and by email, containing a number of further changes compared to the draft previously transmitted, which was followed by the transmission of the latest version of the agreement and its annexes on the same evening of 3 December 2019.

The start and development of the negotiations relating to the amendment to the Service Contract and the signing of the Agreement were discussed, analysed in depth and updated during the RPT Committee meetings held on 4 November 2019, 13 November 2019, 22 November 2019 and 4 December 2019, as part of which, among other things, the analysis of the aspects relating to the determination of the fairness of the new consideration for the Digital Terrestrial Broadcasting Service, the conditions and economic advantage of the Transaction, the followed assessment procedure and the reasons for the Company's interest in carrying out the Transaction, as well as the advantage and substantive fairness of the related conditions were discussed.

On 4 December, during two separate meetings, the RPT Committee delved into the most sensitive and/or important issues and, during the second meeting, unanimously expressed its favourable opinion on the Company's interest in carrying out the Transaction, as well as on the advantage and substantive fairness of the related conditions, approving the Opinion of the RPT Committee enclosed with this Information Document.

Pursuant to Article 4.8 of the Procedure, the RPT Committee was assisted by EY Advisory S.p.A. as an independent expert that provided assistance to support the RPT Committee's assessment on the fairness of the consideration and on the economic advantage of the Transaction. Moreover, for the legal aspects relating to the procedures pursuant to the Procedure, the RPT Committee was supported by Umberto Tombari (who provided a statement of independence similar to that issued by the Expert).

On 6 December 2019, the Issuer's Board of Directors unanimously approved² the Transaction, proposing its conclusion to Rai. Therefore, the Agreement was signed between the Parties on 10 December 2019.

2.9 If the importance of the Transaction derives from the aggregation, pursuant to Article 5, paragraph 2, of several transactions carried out during the year with the same related party, or with parties related both to the latter and to the Company, the information indicated in the preceding points must be provided with reference to all the aforesaid transactions

The case described is not applicable to the Transaction.

* * *

ANNEXES

- Opinion issued by the RPT Committee;
- Fairness opinion issued by EY Advisory S.p.A.

² Anna Gatti and Gian Paolo Tagliavia, Directors, were justified absent from the Board of Directors' meeting of 6 December 2019.

COMMITTEE FOR RELATED PARTY TRANSACTIONS
OF RAI WAY S.P.A.

Re: Major related party transaction - Agreement for the revision of the digital terrestrial broadcasting service referred to in the "Turnkey service supply contract" signed between Rai Way S.p.A. and Rai - Radiotelevisione Italiana S.p.A. on 31 July 2014 and consequent amendments and the latter's waiver of the notice of termination.

The Committee for Related Party Transactions, coinciding with the Control and Risk Committee, (hereinafter the "**RPT Committee**") of Rai Way S.p.A. (hereinafter "**Rai Way**" or the "**Company**") expresses this reasoned opinion on the related party transaction described below, pursuant to Article 6.2 of the Procedure for related party transactions adopted by the Company (hereinafter the "**Rai Way RPT Procedure**") in implementation of Regulation no. 17221 of 12 March 2010, as subsequently supplemented and amended (hereinafter the "**Consob RPT Regulation**").

In particular, the RPT Committee is called upon to express its reasoned opinion on Rai Way's interest in carrying out the Transaction (as defined below), as well as on the advantage and substantive fairness of the related conditions.

By virtue of the provisions of Article 6.2, letter d), (i) of the Rai Way RPT Procedure, this opinion is binding (without prejudice to the provisions of Article 6.2, letter e) of the Rai Way RPT Procedure).

1) INTRODUCTION

The RPT Committee has to give its opinion on a transaction involving the signing of an agreement (the "**Refarming Agreement**") between Rai Way and Rai Radiotelevisione Italiana S.p.A. (hereinafter "**Rai**" and, jointly with Rai Way, the "**Parties**") by which the Parties intend (i) to regulate the terms and conditions for the implementation by Rai Way of the network upgrade measures¹ for the provision of the digital terrestrial broadcasting Service to technological and regulatory changes relating to the refarming process of the 700 MHz band, with consequent amendment to certain terms and conditions of the "Turnkey Service Supply Contract" signed between the Parties on 31 July 2014 (hereinafter the "**Contract**") and (ii) also taking account of

¹ This means all the sites, plants and equipment required for the provision of the service, excluding frequencies.

the overall time horizon required to adapt the network in view of the timing envisaged by the regulations for the completion of the refarming process, to mutually waive the right to terminate the Contract on expiry of the first seven-year period (the "**Transaction**").

1.1 - The Contract.

By signing the Contract, Rai entrusted Rai Way on an exclusive basis and Rai Way undertook to carry out, under the terms and conditions contained in the Contract, the "Turnkey Service", which is divided into Network Services and New Services.

In accordance with the Contract, the Network Services include, among other things, all the services related and/or connected to the development of electronic communications networks and telecommunications networks in general and/or transmission standards/technologies existing to date, known and/or foreseeable, necessary and/or useful to ensure, among other things, the regular transmission and broadcasting, in Italy, of the MUXes assigned to RAI.

The complete identification and description of the Network Services (which includes also the digital terrestrial broadcasting service), as well as the relevant perimeter, is contained in the related technical annex to the Contract and in the related appendix (the "**Technical Annex**").

Against the Network Services provided by the Company (excluding the One-off Technical Support Services, the Digital Terrestrial Television Broadcasting Service relating to the Francophone MUX for the Valle D'Aosta Region and the Network Services provided through the resources of Third Party Operators), Rai has undertaken to pay Rai Way:

- a) € 85,500,000/00 (Euro Eighty-five million five hundred thousand/00) plus VAT for the period from 1 July 2014 to 31 December 2014;
- b) € 175,000,000/00 (Euro One hundred and seventy-five million/00) plus VAT for the period from 1 January 2015 to 31 December 2015;
- c) for each year of duration subsequent to 2015, a consideration equal to that of the previous year, revalued on the basis of the ISTAT Index.

In accordance with Contract, Rai Way provides New Services to Rai on request, the consideration for which must be agreed in good faith between the Parties according to the "fair market value" criterion, i.e. based on current market prices for comparable services.

Moreover, in case of tacit renewal, starting from the end of the seventh year of duration of the Contract, the Parties may agree, from year to year, on any revisions to the consideration envisaged

by same, also in relation to any New Services agreed between the Parties in the meantime, in order to adapt it to any changes in the market and the relative reference standards.

The duration of the Contract is set at seven years, starting from 30 June 2014, and it is renewed tacitly for further periods of seven years, up to a maximum total duration of twenty-one years, unless one of the two Parties gives notice of termination, to be made in writing with at least twelve months' notice. The first seven-year period of the Contract will therefore expire on 1 July 2021.

In accordance with the Contract, in the provision of the Turnkey Service (and of the individual Services it is composed of), Rai Way will have to take account of any and all needs and requirements that may arise for Rai, including changes to the MUXes in implementation of the PNAF (National frequency allocation plan for the digital terrestrial television broadcasting service) and in the event that such needs/requirements do not result in the discontinuation of any of the Services envisaged in the Technical Annex (and/or any of the New Services) but result in a lesser or greater extension of the Services and related values, as provided for in the Contract, the Parties will have to negotiate, in good faith, upon written request of Rai and/or Rai Way, the revision of the consideration provided for in the Contract, on the basis of current market prices (cf. 5.2 (b) of the Contract).

1.2 - Legislative changes and the need to amend certain terms and conditions of the Contract.

During the first seven-year period of the Contract, and in particular following the entry into force of the 2018 Budget Law (Law no. 205/2017), as subsequently amended by the 2019 Budget Law (Law no. 145/2018) and the related measures by the Italian Communications Authority ("**AGCOM**") and the Ministry of Economic Development ("**MiSE**"), a number of changes were made to the regulatory framework of reference, the effects of which affect the Contract in place between the Parties.

In particular, the above-mentioned regulations envisaged the gradual release by network operators of all the frequencies allocated to them at national and local level for the digital terrestrial television broadcasting service, according to a specific schedule starting from 1 September 2021 and by June 2022 (the Roadmap envisaged by the MiSE Decree of 19 June 2019) and the allocation of the rights of use of the frequencies currently owned by network operators in the rights of use of the newly developed MUX transmission capacity in DVB-T2 technology (the "**Refarming**").

As a result of the allocation of the new rights of use, Rai was currently allocated two MUXes (one of which for the broadcasting of Rai regional programmes, Network no. 8 of PNAF, and a second one for national coverage, Network no. 7 of PNAF), as well as the transmission capacity corresponding to 0.5 MUX with no specification of frequency. The 2019 Budget Law also

envisaged the possibility of awarding via a competitive bid transmission capacity corresponding to an additional 0.5 MUX which, if RAI intends to participate and is the assignee, would mean RAI owning 3 MUXes.

In order to equip itself with a digital terrestrial broadcasting network complying with the requirements requested by Rai from Rai Way in accordance with the provisions applicable to the latter, it is necessary for Rai Way to carry out progressive interventions on its network.

2) ANALYSIS OF THE TRANSACTION

2.1 - The Refarming Agreement.

In the context described above, Rai and Rai Way started negotiations aimed at regulating the terms and conditions for the implementation by Rai Way of the transmission network upgrade measures of the Digital Terrestrial Television Broadcasting Service, with the consequent amendment to certain terms and conditions of the Contract, including the breakdown of the Turnkey Service and the consideration provided therein, as well as the waiver of the right to terminate the Contract on expiry of the first seven-year period.

These negotiations led to the preparation of a draft Refarming Agreement submitted to the RPT Committee, which provides, among other things, for the following:

- i)* the redefinition of the Digital Terrestrial Television Broadcasting Service through the gradual replacement of the Digital Terrestrial Television Broadcasting Services currently provided for in the Contract (called Pre-Refarming) with the new Digital Terrestrial Television Broadcasting Services (called Post-Refarming) taking account of the Roadmap envisaged for Refarming and, as a result, the full replacement of the Technical Annex;
- ii)* the terms and conditions for (i) the definition of the detailed technical elements of the Post-Refarming Digital Terrestrial Television Broadcasting Services, (ii) Rai's request for the implementation of additional plants compared to the size of the network agreed in the Refarming Agreement;
- iii)* the recalculation - against the provision of the (new) Post-Refarming Digital Terrestrial

Television Broadcasting Services - of the considerations owed by Rai to Rai Way as from 1 July 2021. Therefore, the new considerations (excluding the One-off Technical Support Services, the Digital Terrestrial Television Broadcasting Service relating to the Francophone MUX for the Valle D'Aosta Region and the Network Services provided through the resources of Third Party Operators), will be calculated as follows:

- a) as from 1 July 2021, the annual consideration for Network Services will be € 195.4 million net of the revaluation based on the ISTAT index for the years 2020 and 2021 to be calculated starting from the consideration for Network Services for 2019 (i.e. € 179 million) (the “**New Consideration**”). The New Consideration includes (i) an increase of € 15.8 million compared to the current consideration due to the revision of the Digital Terrestrial Broadcasting Service as a result of Refarming (including the coverage extension project of the MUXes) and (ii) € 600,000 following the reclassification as an integral part of the Network Service subject matter of the Contract, as from 1 July 2021, of some of the New Services provided by Rai Way to Rai under the Contract ("New Services Included"). As from 2022, the New Consideration of Network Services will be revalued on the basis of the ISTAT index;
- b) the consideration relating to the New Services currently provided by Rai Way to Rai under the Contract other than (i) the coverage extension project of the MUXes and (ii) the New Services Included, shall continue to be regulated in compliance with the relevant offers in force, whereas the consideration relating to any further New Services that may be agreed upon after the conclusion of the Refarming Agreement will continue to be determined in accordance with the criteria set out in the Contract;
- iv) the impacts on the consideration in the event that RAI does not have the availability of the third MUX;
- v) recalculation of the amount of the penalties due by Rai to Rai Way in case of partial or total withdrawal of the first one, against "*ad nutum*" changes under the Contract. In particular, these penalties increased overall by € 52.5 million in 2021, € 118.5 million in 2022, € 147.6 million in 2023, € 142.8 million in 2024; € 129.2 million in 2025, € 104.5

million in 2026, € 67.8 million in 2027 and € 19.2 million in 2028²;

- vi) the payment of a *una tantum* all-inclusive amount, equal to € 500,000, by way of remuneration for the analysis and technical design of Rai Way's network in favour of Rai in relation to the Refarming Agreement (the "Support Service"), to be invoiced by 31 December 2019;
- vii) the waiver by the Parties of the right to terminate allowed by the Contract on expiry of the first seven-year period, so that the Contract shall be deemed as of now renewed for a further seven years, until 30 June 2028;
- viii) the express regulation of withdrawal on the initiative of one of the two Parties in the event of invalidity, ineffectiveness, termination or non-renewal of the Agreement referred to in the Decree of the Prime Minister of 28 April 2017.

3) QUALIFICATION OF THE TRANSACTION

The Transaction takes place between major related parties pursuant to Article 2.2 of the Rai Way RPT Procedure and Annex 1 of the Consob RPT Regulation, in that it constitutes a transaction between Rai Way and the company (Rai) that exercises control over it; the Transaction is not affected by the management and coordination activity carried out by Rai.

The Transaction is likely to integrate a "*transaction*" for the purposes of the Rai Way RPT Procedure, to the extent that it gives rise to a "*transfer of resources, services or obligations between related parties, regardless of whether a consideration has been agreed*" (Article 2.2 Rai Way RPT Procedure and Annex 1, Consob RPT Regulation).

The Transaction integrates a major transaction pursuant to the Rai Way RPT Procedure and the Consob RPT Regulation in that the equivalent-value relevance ratio applicable to the Transaction is higher than the threshold of 5% (see Article 2.2 Rai Way RPT Procedure and Annex 3, Consob

² The increase refers to the total value of the penalties relating to the new Digital Terrestrial Television Broadcasting Services (called Post-Refarming) compared to the total value of the penalties relating to the Digital Terrestrial Television Broadcasting Services currently provided for in the Contract (called Pre-Refarming).

RPT Regulation)³.

In particular, the Transaction integrates a major transaction in that:

- i) the threshold of major relevance is equal to € 72,488,000 (hereinafter referred to as the "**Threshold of Relevance**"), applying the equivalent-value relevance ratio of the Transaction, to be determined as 5% of Rai Way's capitalisation (equal to € 1,449,760,000) as at 30 September 2019, i.e. at the end of the last opening trade day included in the reference period of the most recent financial report published by Rai Way (see Annex 3, Consob RPT Regulation)⁴;
- ii) pursuant to Annex 3 of the Consob RPT Regulation, to determine the value of a related party transaction, reference must be made "*to the amount paid to/by the contractual counterpart*" and, where "*the economic conditions of the transaction depend in whole or in part on quantities not yet known, the maximum value receivable or payable under the agreement*;
- iii) in this case, the above criteria must be applied in order to determine the value of the Transaction whose subject matter is, as said, the revision of the Turnkey Service subject matter of the Contract (also through the upgrade of the digital terrestrial transmission network to the new technological and regulatory requirements), as well as the amendment of some of its terms and conditions;
- iv) in pursuance of the above mentioned criteria, taking as a reference the total value of the Contract as resulting from the amendments provided for in the Refarming Agreement (and not only the value of the modified services, i.e. the difference between the considerations originally provided for in the Contract and those agreed with the Refarming Agreement) - due to the recalculation of the perimeter of the services subject matter of the Contract, as well as its time extension as a result of the waiver of the right to terminate on expiry of the first seven-year contractual period - Rai will be required to pay "new" considerations to Rai Way for a total amount exceeding the Threshold of Relevance.

For the provision of Network Services in the period from 1 July 2021 to 30 June 2028 (as a

³ Note that Rai Way has not identified any thresholds of relevance lower than those set out in Annex 3 to the Consob RPT Regulation for transactions that may affect the Company's management autonomy (see Annex 3, point 1.3, Consob RPT Regulation).

⁴ Criterion to be applied in that the above mentioned Threshold of Relevance is higher than the amount of € 8,515,176, equal to 5% of Rai Way's shareholders' equity (equal to € 170,303,511 taken from the Interim Financial Report as at 30 September 2019).

result of the waiver of the right to terminate provided for in the Contract on expiry of the first seven-year period, i.e. on 30 June 2021), Rai will be required to pay Rai Way by way of consideration a total of € 1,368.3 million, before the indexation applicable to the inflation rate, including € 500,000, by way of consideration, for the provision by Rai Way of the Support Service (as defined by Article 6 of the Refarming Agreement). It is understood that the amount of Euro 1,368.3 million does not include the consideration for the One-off Technical Support Services, the Network Services carried out through the resources of Third-Party Operators and the New Services that will continue to be determined in the manner currently provided for in the Contract.

4) PRELIMINARY INVESTIGATION PROCEDURE

The RPT Committee received complete, adequate and timely information in good time on the start and progress of negotiations relating to the Transaction, with the opportunity to make comments and request information, negotiations that were discussed, analysed in depth and updated during various meetings of the RPT Committee.

In particular, the RPT Committee was informed of the start of negotiations relating to the Transaction on 1 November 2019 by sending a summary note to all members, containing the essential terms and conditions of the Transaction (thus receiving a first copy of the draft Refarming Agreement at a subsequent meeting held on 13 November 2019), since methodological aspects relating to the determination of the consideration were also discussed. Subsequently, the RPT Committee received further information on the progress of the negotiations and the preliminary investigation. In particular, the RPT Committee was the recipient of the following information flows:

- i)* on 21 November 2019, the members of the RPT Committee received, by email, a new draft of Refarming Agreement updated with the developments of the negotiations still in progress, with reference, among other things, to the increase in the consideration and the extension of the "new" services provided by Rai Way. At the same time as this document, the RPT Committee also received drafts of the relevant annexes;

- ii)* on 30 November 2019, the RPT Committee received, through its Chairman and again by email, a further version of the Refarming Agreement and its annexes, updated with the latest developments of the negotiations, still ongoing, between Rai and Rai Way;
- iii)* finally, on 3 December 2019, a basically final version of the Refarming Agreement was sent to the RPT Committee, again through its Chairman and by email, containing a number of further changes with respect to the draft previously sent, which was followed by the transmission of the latest version of the agreement and its annexes on the same evening of 3 December 2019.

The start and development of the negotiations relating to the amendment to the Contract and the signing of the Refarming Agreement were discussed, analysed in depth and updated during the RPT Committee meetings held on 4 November 2019, 13 November 2019, 22 November 2019 and 4 December 2019, as part of which, among other things, the analysis of the aspects relating to the determination of the fairness of the new consideration for the digital terrestrial broadcasting service, the conditions and economic advantage of the Transaction, the followed assessment procedure and the reasons for the Company's interest in carrying out the Transaction, as well as the advantage and substantive fairness of the related conditions were discussed (Article 6.2 Rai Way RPT Procedure).

The RPT Committee, pursuant to the provisions of Article 4.8 of the Rai Way RPT Procedure, was assisted, at the Company's expense, by EY Advisory S.p.A. as an independent expert (the "Expert") which supported the RPT Committee's assessments on the fairness of the total consideration under the Contract and on the economic advantage of the Transaction, in particular, also with regard to the investments to be made by Rai Way and this in order to support the RPT Committee in formulating this opinion with reference to the substantive fairness and economic advantage of same (and possibly also the Board of Directors, as competent proxy, of the Company in the relevant decision-making process).

For the sake of completeness, note that the RPT Committee was assisted by Umberto Tombali, who was appointed by it, for the legal aspects relating to the procedure for related party transactions.

5) ANALYSIS OF THE TRANSACTION

The assessments carried out by the RPT Committee on Rai Way's interest in carrying out the Transaction, as well as on the substantive fairness of the conditions and advantage of the Transaction, are set out below.

5.1 – Rai Way's interest in carrying out the Transaction.

The RPT Committee notes that Rai Way has an interest in carrying out the Transaction in view of the following.

As indicated in Paragraph 1.2 above, the regulatory changes introduced by the 2018 and 2019 Budget Laws and by the secondary regulations that implemented them, will entail the necessary reconfiguration of all the operators' digital terrestrial television broadcasting networks over the next three years. Rai is obliged, in order to continue to provide the national public television service, to use - considering the Roadmap's time horizon - a digital terrestrial television broadcasting network that allows it to operate in compliance with the aforementioned regulatory provisions and that meets the new technological standards required. In this context, Rai Way has an interest in the Transaction in that the Transaction allows Rai Way to continue to provide the Digital Terrestrial Television Broadcasting Service to Rai for a period of not less than the second seven-year period of the Contract. Moreover, Rai Way has an interest in the Transaction in that the Transaction allows it to make the necessary investments, against an incremental consideration, by upgrading its network to current regulations and new technological standards (and therefore to equip itself with a network that allows it to continue its typical activity).

5.2 - Advantage and substantive fairness of Rai Way in carrying out the Transaction.

For the purposes of assessing the advantage and substantive fairness of the Transaction, the RPT Committee used the assessment made by the Expert.

The RPT Committee notes that, also based on the assessments made and the information provided in the Expert's report, the Transaction meets the requirements of advantage and substantive fairness requested by the Rai Way RPT Procedure and the Consob RPT Regulation for the following

reasons:

- i)* in order to check the substantive fairness of the Transaction, the fairness of the new consideration envisaged as from 31 July 2021 of the Contract was first assessed through a benchmarking process between the remuneration envisaged in situations considered comparable with reference to the main categories of service (Digital Terrestrial Television Broadcasting Services, Radio Broadcasting Services and Network Services carried out through the resources of Third-Party Operators) and the related components of the consideration under the Contract. Moreover, also in consideration of the particular specificity of the contract subject matter of the Transaction, the RPT Committee does not recognise any clauses that could be considered unjustified and/or unreasonable in the light of an overall assessment - also of an economic nature - of the entire contractual framework of the Refarming Agreement;
- ii)* in relation to the advantage of the Transaction, the analysis developed taking account of the need to apply sustainable economic conditions for Rai Way showed that:

 - a. in a scenario with expiry of the Contract in 2035 (i.e. at the end of the maximum period of twenty-one years provided for by the Contract), the internal rate of return of the incremental flows deriving from the Transaction and relating to the DTT broadcasting service is higher than the WACC discount rate and therefore the Net Present Value of these incremental flows is positive;
 - b. in a scenario with withdrawal *ad nutum* by RAI in the years between 2021 and 2028, the internal rate of return of the incremental flows deriving from the Transaction, including the incremental penalties that RAI will have to pay to Rai Way, and relating to the DTT broadcasting service is higher than the WACC discount rate and therefore the Net Present Value of these incremental flows is positive.

6) CONCLUSIONS

Based on all the above considerations and reasons, the RPT Committee:

- i)* having noted that the Transaction qualifies as a major related party transaction;
- ii)* having checked that Rai Way is interested in carrying out the Transaction;
- iii)* having also checked that the requirements of advantage and substantive fairness of the conditions of the Transaction are met;

unanimously gives its favourable opinion to the carrying-out of the Transaction (and, therefore, to the signing of the Refarming Agreement).

4 December 2019

RPT Committee

Paola Tagliavini (Chairman) *(legible signature)*

Donatella Sciuto *(legible signature)*

Fabio Colasanti *(legible signature)*

Rai Way S.p.A.
Via Teulada 66
00195 Rome

For the attention of the Control and Risk Committee (hereinafter "CRC") of Rai Way

Rome, 04 12 2019

Re: Fairness Opinion on (i) the fairness of the total consideration under the Service Contract between Rai Way S.p.A. and RAI - Radiotelevisione Italiana S.p.A. following the refarming process, as will be provided for in a specific agreement (the "Transaction"); and (ii) the economic advantage of the Transaction, in particular also with regard to the investments to be made by Rai Way as part of the Transaction, in order to support Rai Way's Control and Risk Committee in formulating the opinion envisaged by the Procedure for related party transactions of the Company with reference to the substantive fairness and economic advantage of the Transaction, and possibly also the Board of Directors of the Company in the decision-making process.

1. Context of reference and our assignment

Rai Way S.p.A. (hereinafter "Rai Way", "You" or the "Company") operates in the broadcasting infrastructure sector, offering integrated network services for broadcasters, telecommunications operators, private companies and public administration.

The 2018 Budget Law (Law no. 205/2017), as subsequently amended by the 2019 Budget Law (Law no. 145/2018) and the related measures by the Italian Communications Authority ("AGCOM") and MiSE (Ministry of Economic Development), envisaged the gradual release by national network operators of all the frequencies allocated to them at national and local level for the digital terrestrial television service in the 694-790 MHz band according to a specific schedule that is expected to be completed by June 2022 (the Roadmap envisaged by the MiSE Decree of 19 June 2019) and the conversion of the rights of use the frequencies currently owned by national network operators into the rights of use of transmission capacity in newly developed national multiplexes in DVB-T2 technology (the "Refarming").

According to the reports of Rai Way's Management, a process for defining and estimating the impacts of Refarming has been carried out as part of the current "turnkey" Service Contract between you and Rai (hereinafter the "Contract").

In this context, we received the assignment to support you through the preparation of a fairness opinion on (i) the consideration of the Service Contract between Rai Way and RAI - Radiotelevisione Italiana S.p.A. (hereinafter "RAI") following the Refarming process, as will be provided for by a specific agreement currently being defined (the "Transaction"); and (ii) the economic advantage of the Transaction. This fairness opinion is intended to support Rai Way's Control and Risk Committee in formulating the opinion envisaged by the Procedure for related party transactions of the Company with reference to the substantive fairness and economic advantage of the Transaction, and possibly also the Board of Directors of the Company in the relevant decision-making process.

2. Documentation

For the purposes of our work, we analysed the following documentation:

- Statement of financial position and income statement of the Company as at 31/12/2018;
- Documentation relating to the increase in the consideration for the DTT broadcasting service and the incremental penalties, for the three types of intervention envisaged: (i) extension of MUX coverage, (ii) reconfiguration of the macro-regional MUX and (iii) replacement with T2 equipment;
- Financial statements as at 31 December 2018 of EI Towers SpA;
- FY17 Results Presentation published by EI Towers (FY17 Results Presentation 22 March 2018) - https://www.eitowers.it/bin/236/C_107_presentazioni_76_allegato_en.pdf;
- Websites and financial statements as at 31/12/2018 of the following radio companies: Elemedia S.p.A., Radio Dimensione Suono S.p.A., RTL 102.5 Hit radio S.r.l, Radio Italia S.p.A., Radio Studio 105 S.p.A., CN Media S.r.l, Monradio Srl, RMC Italia S.p.A. and Virgin Radio Italy S.p.A.;
- Websites and financial statements as at 31/12/2018 of the following Tower Operator companies: Inwit S.p.A, Cellnex S.p.A, Ei Towers S.p.A. and Rai Way S.p.A.;
- AGCOM (Italian Communications Authority) database referring to the radio station number for each of the above mentioned radio companies;
- Aida database referring to companies operating in the electricity and gas trading sector;
- Equity Report of the company Eutelsat Communications S.A., published by: Kepler Cheuvreux (08/11/2018), Société Generale (01/11/2018), Barclays (31/10/2018), RBC Capital Markets (30/10/2018);
- Equity report of the company Crown Castle International Corp., published by: UBS (18/10/2018), Deutsche Bank (18/10/2018), Cowen (18/10/2018);
- Equity report of the company SBA Communications Corporation, published by: Deutsche Bank (05/11/2018), UBS (05/11/2018), Cowen (05/11/2018), Guggenheim Securities (31/07/2018);
- Equity report of the company Cellnex Telecom S.A., published by: Deutsche Bank (18/12/2018), Barclays (14/12/2018), Morgan Stanley (18/11/2018), JB Capital Markets (08/11/2018);
- Equity report of the company Infrastrutture Wireless Italiane S.p.A., published by: Intesa San Paolo Research Department (29/11/2018), Barclays (07/11/2018), UBS (07/11/2018), Deutsche Bank (07/11/2018);
- Equity report of the company SES S.A., published by: Morgan Stanley (20/12/2018), Exane BNP Paribas (19/11/2018), Société Generale (01/11/2018), Barclays (29/10/2018);
- Equity report of the company America Tower Corporation., published by: UBS (04/12/2018), Deutsche Bank (01/11/2018), Cowen (30/10/2018);
- Equity report of the company Rai Way S.p.A., published by: Intesa San Paolo Research Department (05/09/2018), Morgan Stanley (17/07/2018);
- "Refarming process and Rai - Rai Way service contract", document describing the impacts of the Refarming process and the criteria for redefining the consideration;
- Draft agreement relating to the Transaction subject matter of the negotiation and supporting documentation.

Moreover, we held meetings, conference calls and email exchanges with the Company in order to obtain additional data and information useful for the issuance of this fairness opinion.

3. Analysis

The Service Contract between Rai Way and Rai is expected to be amended according to the refarming scenario characterised by the presence of MUXes in the UHF band with DVB-T2 broadcasting equipment. The annual consideration, as redefined in the Transaction following the refarming process, can be mainly divided into the types of service listed below:

- Television broadcasting services including contribution services;
- Radio broadcasting services;
- Mark-up Services.

For the purposes of the fairness opinion on the fairness of the redefined total consideration, the latter is analysed separately in relation to the three categories of service mentioned above.

For the purposes of the fairness opinion on the economic advantage of the Transaction, the analysis was carried out over a time horizon from 2019 to 2035, considering the last expiry of the Contract, based on the calculation of the increases in the consideration for the DTT broadcasting service and taking account of the investments that Rai Way will have to sustain in the refarming process.

Fairness opinion on the fairness of the total consideration

The analyses carried out on the fairness opinion related to the fairness of the redefined total consideration, including the *una tantum* amount due for specialist support services, are summarised below.

Television Broadcasting Services

The estimated consideration for the Service Contract between Rai Way and Rai in the scenario following the refarming process was compared with the consideration for the Service Contract between EI Towers and Mediaset for the DTT broadcasting services also following the refarming process.

With the number of equipment managed for the digital terrestrial broadcasting service being equal, the consideration of the Service Contract between Rai Way and Rai is higher than that of the EI Towers and Mediaset Service Contract also due to the fact that Rai Way owns the broadcasting equipment for which it bears the related purchase and management costs.

The base scenario analysed assumes that Rai Way will manage three MUXes under the Contract. Moreover, the scenario in which the number of MUX managed is two was also analysed.

Radio Broadcasting Services

A benchmark analysis was carried out with a different panel of radio companies for each of the three cost items indicated below, based on the depth of information contained in the companies' financial statements: (i) rental cost of radio stations, (ii) maintenance cost and (iii) electricity cost. For each of the expense items, the average unit cost per device was calculated. The total average unit cost obtained from the benchmark analysis of comparable companies was then compared with the average unit cost of Rai Way.

Mark-up Services

A benchmark analysis was carried out with a panel of comparable companies in terms of the provision of brokerage services through the use of the Ateco code (energy and gas trading), selected on the basis of a certain margin level (EBIT / Cost of Production). The mark-up applied by Rai Way was then compared with the weighted average of the average mark-ups observed for the identified panel.

This comparison reflects the fairness of the mark-up applied by Rai Way compared to the EBITDA achieved by companies operating in the brokerage sector.

Fairness opinion on the economic advantage of the Transaction

The analysis of the economic advantage of the Transaction was developed taking account of the need to apply sustainable economic conditions for Rai Way.

The main assumptions regarding the economic advantage of the Transaction are set out below:

- The analysis is based on the incremental financial flows deriving from the Transaction related to the DTT broadcasting service and taking account of the investments that Rai Way will have to make in the refarming process. These flows, estimated by Rai Way's Management, are explained for the three types of intervention (investment) envisaged: (i) reconfiguration of the macro-regional MUX, (ii) extension of MUXes coverage, and (iii) replacement with T2 equipment;
- The incremental flows are related to a time horizon from 2019 to 2035 considering the last expiry of the Contract;
- The value generation of the Transaction was verified by discounting the incremental flows at a WACC considered adequate. The value generation is verified if the internal rate of return (hereinafter "IRR") is higher than the WACC discount rate. Consequently, the net present value (hereinafter "NPV") of the Transaction is positive.

In terms of economic advantage, the Transaction is deemed to be adequate in the light of the following considerations:

- The internal rate of return of the incremental flows deriving from the Transaction and relating to the DTT broadcasting service is higher than the WACC discount rate;
- The Net Present Value of the incremental flows, considering a WACC deemed adequate, is positive.

The same approach was applied to the scenario of early withdrawal *ad nutum* of Rai from 2021 to 2028. In this scenario, the incremental flows include the amount of penalties that Rai will have to pay to Rai Way due to the withdrawal *ad nutum*.

In all the scenarios of withdrawal *ad nutum* from 2022 to 2028, the Transaction is deemed to be adequate in the light of the following considerations:

- The internal rate of return of the incremental flows deriving from the Transaction and relating to the DTT broadcasting service is higher than the WACC discount rate;
- The Net Present Value of the incremental flows, considering a WACC deemed adequate, is positive.

4. Limitations on our assignment

The Fairness Opinion was prepared by EY and is exclusively intended for the Company and its Directors and may not be used for any other purpose, or disclosed or made available or taken as a reference or discussed with any other party without our prior written consent, except, among other things, as required by legal obligations or by requests from competent Authorities or its inclusion in the disclosure document describing any "major" transaction as defined in the Consob RPT Regulation.

The assessments made and set out in this document are based on all the indications and analyses contained herein, therefore no part of the document may be considered or in any case used separately from the document itself in its entirety.

Our work was based on historical and prospective data and information provided to us by the Company's Management and on available public information. In using the data provided to us, we assumed that it was prepared objectively on the basis of the best information currently available to the Company's Management. The data and information provided to us remain the exclusive responsibility of the Management.

EY does not express any opinion or assessment on the industrial and financial aspects of the Transaction. Moreover, the information contained in this document must in no way be regarded as an indication or recommendation to make an investment.

The assessments carried out are affected by the intrinsic limitations and the specific features of the adopted methods of assessment.

The Fairness Opinion refers to the date of this document. Changes in business or market conditions after that date with the exception of the refarming process, for which we assume no responsibility, may lead to considerations other than those expressed herein. The terms of our assignment do not envisage any update of our analyses compared to the date of this document.

5. Conclusions

As a whole, based on the above, we consider the overall consideration under the Service Contract between you and Rai, following the so-called Refarming process, to be adequate. We also believe that the Transaction is adequate in terms of economic advantage.

EY Advisory S.p.A.



Mario Rocco
Partners

Transaction Advisory Services
EY Advisory S.p.A.