Rai Way

Annual Report 2014

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Contents

Company name, share capital and registered office

Company name:	Rai Way S.p.A.
Share capital:	Eur 70.176.000 i.v.
Registered office:	Via Teulada 66, 00195 Roma
Tax Code, VAT Code and Rome Companies Register No.:	05820021003
Web site:	www.raiway.it

Subject to management and coordination of
RAI - Radiotelevisione Italiana S.p.A.

Corporate Bodies and Committees[1]

Board of Directors

Chairman

Camillo Rossotto

Chief Executive Officer

Stefano Ciccotti

Directors

Joyce Victoria Bigio

Fabio Colasanti

Alberto De Nigro

Anna Gatti

Salvatore Lo Giudice

Secretary to the Board

Giorgio Cogliati

Board of Statutory Auditors

Chairman

Maria Giovanna Basile

Standing Auditors

Giovanni Galoppi

Agostino Malsegna

Substitute Auditors

Roberto Munno

Fernando Sbarbati

External Auditors

PricewaterhouseCoopers S.p.A.

Control and Risks Committee

Joyce Victoria Bigio (Presidente)

Fabio Colasanti

Alberto De Nigro

Remuneration and Appointments Committee

Anna Gatti (Presidente)

Joyce Victoria Bigio

Fabio Colasanti

1 In office at the approval date of this report.

Information concerning the powers assigned within the Board of Directors and the Company's system of corporate governance may be found in the Report on Corporate Governance and Ownership Structures which may be consulted on the Company's website (www.raiway.it).

Letter to shareholders

Dear Shareholders,

2014 was an extraordinary year for Rai Way. The Company has been listed on the Borsa Italiana stock exchange since November 2014 and hundreds of new shareholders have now joined the Parent Company Rai, including our employees, the retail public and a number of leading investors on the Italian and international markets.

The listing process is therefore the confirmation of the enormous consideration for the Company's human capital, its technological excellence, the results it has achieved and its growth prospects; with the IPO Rai Way has begun opening up to the market, strengthening its image as an independent entity with the aim of enhancing its skills and infrastructure in order to acquire new customers and provide increasingly innovative services.

From an operations standpoint Rai Way and Rai renewed their commercial relationship in 2014 by entering a new service agreement under which Rai Way provides Rai with a turnkey service on an exclusive basis for transmitting and broadcasting Rai's television and radio programs in Italy and abroad. The duration of the agreement, seven years with tacit renewal for two additional seven-year periods up to a maximum of twenty one years, and the scope of services, rendered on an exclusive basis, lay the foundations for being able to grasp new development opportunities over the upcoming years.

The year also saw the renewal of long-term hosting agreements with two of the four mobile network operators; this will guarantee a significant source of revenues and acts as the confirmation of the quality of our infrastructure.

Despite the economic situation existing in Italy, which saw a further contraction of GDP in 2014, Rai Way still succeeded in consolidating the economic and financial results achieved in 2013. The Company's 2014 pro-forma income statement posted revenues and EBITDA of Eur 207.4 million and Eur 104.6 million respectively, broadly in line with those of the previous year, and net profit of Eur 33.6 million, an

increase of almost 9% over 2013 due to decreases in depreciation and amortization, provisions and financial expenses. Following the completion of the switch-off process, which had led to considerable capital expenditure until 2012, the 2014 investments of Eur 21 million related mainly to the maintenance of the network. The Company's net financial position of Eur 65.5 million, with a ratio on the pro-forma EBITDA of less than one, is the result of its considerable ability to generate cash, and provides complete flexibility for catching future market opportunities.
Consistent with the Company's approach to opening up to the market, which began with the IPO, Rai Way was refinanced during the year by bank loan, fully repaying its financial liabilities to the Parent Rai. The new borrowing ensures that the Company has highly competitive interest rates, with a spread of 100 basis points on the term facility, thereby confirming its solidity.
From a management point of view the Company's corporate organizational structure has been rearranged following the listing, with the introduction of functions that are independent from those of the Parent Company Rai, the strengthening of management and, in general, the revision of the corporate governance to bring it in line with the best international standards.
Rai Way's mission is to become Italy's leading provider of infrastructures and services for broadcasters and telecommunications operators. On the one hand the results achieved in 2014 represent the perfect expression of this, while on the other they provide a solid foundation for facing up to the challenges of an increasingly competitive market, with the Company preserving its vocation for innovation, service quality and respect for the environment.

On behalf of the Board of Directors
The Chairman
Camillo Rossotto

Proposal to the Shareholders' Meeting

Annual financial statements for the year ended 31 December 2014

Shareholders,

We invite you to approve the annual financial statements for the year ended 31 December 2014 (which close with a profit for the year of Eur 24,645,775.15), proposing the following resolution:

"The Shareholders' Meeting of Rai Way S.p.A.

- having examined the Report on Operations of the Board of Directors;
- acknowledging the Report of the Board of Statutory Auditors and the Report of the External Auditors PricewaterhouseCoopers S.p.A.;
- having examined the draft annual financial statements for the year ended 31 December 2014 prepared by the Board of Directors, which close with profit for the year of Eur 24,645,775.15;

resolves

to approve the annual financial statements for the year ended 31 December 2014."

Rome, 12 March 2015

On behalf of the Board of Directors
The Chairman
Camillo Rossotto

Proposal for the allocation of profit for the year and the partial distribution of retained earnings

Shareholders,

Taking into account the net profit for the year of Eur 24,645,775.15, as stated in the financial statements for the year ended 31 December 2014, and the other items included in those financial statements, we propose to you the following:

i) to allocate Eur 1,232,289.00 of the 2014 net profit to the legal reserve and distribute the remainder of Eur 23,413,486.15 to shareholders as a dividend;
ii) to allocate a further amount of Eur 10,151,313.85 for distribution to shareholders, to be taken from the retained earnings reserve (which would then be left with a remaining balance of Eur 4,847,728.60); as the result of the provisions of article 47 of the Consolidated Income Tax Act and article 1 of the Ministerial Decree of 2 April 2008, this amount shall be considered to be taken entirely from the part of the reserve created with profits earned through the year ended 31 December 2007;
iii) as a consequence, and on the basis of the total amount of Eur 33,564,800.00 to be distributed to shareholders, to pay a total gross dividend of Eur 0.1234 to each of the outstanding ordinary shares to be put into payment from 20 May 2015, with entitlement to payment, pursuant to article 83-terdecies of Legislative Decree no. 58/1998 and article 2.6.7, paragraph 2 of the Rules of the Markets organized and managed by Borsa Italiana S.p.A., on 19 May 2015 (the record date) and after detaching coupon no. 1 on 18 May 2015 (the ex-dividend date).

By virtue of the above, we therefore propose that you adopt the following resolution:

" Having examined the illustrative report of the Board of Directors, the Shareholders' Meeting of Rai Way S.p.A.

resolves

1. to allocate Eur 1,232,289.00 of the 2014 net profit to the legal reserve and distribute the remainder of Eur 23,413,486.15 to shareholders as a dividend;
2. to allocate a further amount of Eur 10,151,313.85 for distribution to shareholders, to be taken from the retained earnings reserve;
3. as a consequence, to pay a total gross dividend of Eur 0.1234 to each of the outstanding ordinary shares to be put into payment from 20 May 2015, with entitlement to payment, pursuant to article 83-terdecies of Legislative Decree no. 58/1998 and article 2.6.7, paragraph 2 of the Rules of the Markets organized and managed by Borsa Italiana S.p.A., on 19 May 2015 (the record date) and after detaching coupon no. 1 on 18 May 2015 (the ex-dividend date)."

Rome, 12 March 2015

On behalf of the Board of Directors
The Chairman
Camillo Rossotto

Rai Way's activities

Rai Way (hereafter the Company) operates in the communications infrastructure sector providing integrated services to its customers. More specifically, Rai Way is the company of the Rai Group owning the Group's infrastructure and television and radio signal transmission and broadcasting equipment.

The origins of the Company's activities go back to 6 October 1924, when what was then URI-Unione Radiofonica Italiana, the progenitor of today's Rai, broadcast the opening concert, thereby officially initiating radio transmissions in Italy. Following the formal establishment of the Company in 1999 and the subsequent contribution by Rai (hereafter also the Parent Company or Parent) of its "Transmission and Broadcasting Unit" in 2000, today's Rai Way has acquired a heritage of technological, engineering and management know-how, as well as infrastructure, that has matured over ninety years of activity. The Company now manages the technical infrastructure enabling it to broadcast radio and television programs to the Italian population and provides a vast range of highly complex technical services to its customers, including the Parent Rai.

Rai Way is the owner of the network which is required inter alia for the transmission and broadcasting of audio and video contents in Italy and abroad, not only by Rai for fulfilling its Public Service obligations, but also by third party operators. In particular, in carrying out its activities, the Company operates over 2,300 sites equipped with infrastructure and systems for transmitting and broadcasting radio signals throughout the whole of Italy, has 23 operating facilities distributed across the country and avails itself of a highly specialized workforce consisting of more than 600 people. Its technological assets and specialist know-how are the key resources for the Company not only for its present service offering but also for the development of new activities.

The services that the Company provides can be divided into the following four types of activity:

(i) Broadcasting services, meaning services for the terrestrial and satellite transmission of television and radio signals, through the network infrastructure, to the ultimate end users within a geographical area;

(ii) Transmission services for the transmission of radio and television signals via the connecting network (radio links, satellite systems, fibre optic) and in particular the one-way transport of video/audio/data (a) via analog or digital circuits between fixed sites and (b) via radiofrequency signals from the satellite within a geographical area of a suitable size, and connected services;

(iii) Tower Rental Services, meaning (a) the hosting in our sites of transmission equipment related to radio, television, mobile telephony and telecommunications signals and (b) services for the management and maintenance of the transmission equipment hosted and (c) complementary and connected services;

(iv) Network Services, which consist of a vast range of heterogeneous services which the Company is able to provide in relation to electronic and telecommunications networks in general (by way of mere example planning, construction, installation, maintenance and management activities as well as consultancy, monitoring and radio emissions protection services).

The type of customer who comes to Rai Way for the above-mentioned services can be conventionally classified as being in the category of Broadcasters (national and local radio and television broadcasters, including also Rai), Telecommunications Operators (mostly mobile network operators) or Public Administration and Corporate Entities (a catch-all residual category to include national and regional administrative entities of the Republic of Italy and non-physical persons).

Summary of economic and financial data

The following section provides a summary of Rai Way's results of operations, financial position and cash flows for the years ended 31 December 2014 and 2013.
For a better understanding of the figures it should initially be noted that on 31 July 2014, with effect from 1 July 2014, the Parent Rai and Rai Way signed new active and passive service agreements that had significant impact from an accounting point of view, meaning that the Company's financial statements for the year ended 31 December 2014 are not comparable with those for the year ended 31 December 2013 (for a description of the new agreements effective from 1 July 2014 and the relative effects of these on the financial statements reference should be made to the section "Significant events").

The new active service agreement for the transmission and broadcasting services provided by Rai Way to Rai differs from the previous agreement as the result of a number of conditions which from an accounting standpoint, meaning that of IAS 17, require the agreement to be classified as an operating lease and no longer as a finance lease (as the previous agreement had been classified).

As a consequence, without altering the legal ownership of the network, which continues to be retained by the Company, there have been significant changes made to the way in which the contractual relationship is accounted for in the financial statements.

For this reason the following pro-forma income statements are provided for the years ended 31 December 2014 and 2013, which present the figures as if the agreement had been effective from 1 January 2013, as these are more representative for analyzing the Company's economic performance.

KEY INCOME STATEMENT DATA

(in euro millions; %)	2014 pro-forma	2013 pro-forma	Change %
Core revenues	207.4	208.4	-0.5%
Adjusted EBITDA[2]	105.1	108.0	-2.7%
EBITDA[2]	104.6	104.5	+0.1%
Operating profit (EBIT)	54.2	51.1	+6.0%
Profit before taxation	52.1	48.0	+8.5%
Profit for the year	33.6	30.8	+9.1%

KEY BALANCE SHEET DATA

(in euro millions; %)	2014	2013	Change %
Capital expenditure[3]	21.0	23.0	-8.7%
Invested capital[4]	219.3	200.3	+9.5%
Net equity	153.8	141.7	+8.5%
Net financial position - Rai Way[5]	65.5	58.6	+11.8%

KEY RATIOS

%; Euro	2014 pro-forma	2013 pro-forma
Adjusted EBITDA / Core revenues	50.7%	51.8%
EBITDA / Core revenues	50.4%	50.1%
EBIT / Core revenues	26.1%	24.5%
Net income / Core revenues	16.2%	14.8%
Earnings per share[6]	0.123	0.113
Net financial position / adjusted EBITDA	0.62x	0.54x
Cash conversion rate[7]	80.0%	78.7%

- Pro-forma core revenues totaled Eur 207.4 million, a slight fall (-0.5%) over 2013.
- Pro-forma adjusted EBITDA amounted to Eur 105.1 million, a decrease over the 2013 figure of Eur 108.0 million mainly due to the effect of recognizing higher prior year adjustments in that year.
- The ratio between adjusted EBITDA and core revenues was 50.7% in 2014.
- Pro-forma EBITDA totaled 104.6 million in 2014, essentially in line with the result for the previous year.

- Pro-forma net operating profit (EBIT) amounted to Eur 54.2 million, higher than the figure of Eur 51.1 million for 2013.
- Pro-forma profit for the year totaled Eur 33.6 million, an increase of 9.1% over 2013.
- Capital expenditure amounted to Eur 21.0 million.
- Invested capital totaled Eur 219.3 million, with a Rai Way net financial position of Eur 65.5 million (0.62 times pro-forma adjusted EBITDA).

2. The Company defines EBITDA as net profit for the year adjusted for the following items: (i) Income taxes, (ii) Financial expenses, (iii) Financial income, (iv) Charges to risk provisions, (v) Amortization and depreciation and (vi) Write-downs for bad and doubtful debts
3. Capital expenditure consists of investments in property, plant and equipment and intangible assets and finance lease funding which represents the investments made in the network until 30 June 2014
4. Invested capital consists of net equity and the Rai Way net financial position.
5. The Rai Way net financial position does not include the current financial assets relating to the finance lease with RAI.
6. A figure of 272 million shares was used to calculate the indicators for both 2014 and 2013
7. The cash conversion rate is defined as the ratio between the difference between adjusted EBITDA and capital expenditure and adjusted EBITDA

Report on 2014 operations

Economic developments

The performance of the global economy proved to be weak in 2014 and lower than expectations, albeit with differences at a geographical level.

While on the one hand the United States (whose GDP rose by 2.4% in 2014[8]) benefited from a recovery in consumption and domestic investment and a pick-up in the labor and property markets, on the other the eurozone continued to operate in a context of weak foreign demand (with a slowdown from Japan and the emerging countries) and a reduction in investments which was not offset by a recovery in domestic consumption.

Expansionary measures continued with regard to monetary policy, with the ECB taking borrowing costs to a record low of 0.05% and setting a priority of tackling deflation by providing greater support to credit flow to the real economy.

Italy had an overall negative macroeconomic result in 2014, as shown by the gradual revisions made to its forecasts of GDP growth (revised downward from 0.6%/0.7% at the beginning of the year to –0.4% in December). Despite a modest pick-up in household consumption, GDP was adversely affected by a reduction in investments and a weakening of exports.

At the end of 2014 inflation confirmed the trend that had emerged in the summer, with growth rates at historical lows. The fact that it settled at values around the zero mark (+0.2% on average in 2014[9]) reflect, in addition to the fall in raw materials prices, the unfavorable situation for economic activity which led to a generalized moderation in prices at all the stages of their formation.

The persistence of the recession, accompanied by deflationary tendencies, caused a significant deterioration in labor market conditions (with the unemployment rate in Italy reaching 13.4% in November 2014 and youth unemployment approaching 44%[10]).

Bank lending to the private sector remained weak, in particular in terms of providing business loans. Non-performing loans and the number of company failures increased.

Only in the last few months of the year Italy's economy showed the first signs of stabilization in terms of industrial production, retail sales, exports and household loans,

8 GDP USA 2014: U.S. Department of Commerce – Bureau of Economic Analysis "National Income and Product Accounts - Gross Domestic Product: Fourth Quarter and Annual 2014"

9 Inflation: ISTAT – Monthly note on the performance of the Italian economy, January 2015

10 Unemployment: Economic Observer December 2014, National Foundation of Accountants

albeit in a still very weak economy. Signs of a possible improvement in the macroeconomic scenario in the first half of 2015 appeared in the eurozone, fostered by a fall in oil prices (with positive consequences for importing countries, the manufacturing sectors of the economy and consumers) and the appreciation of the dollar against the euro.

The Company's reference market

Rai Way is a leading operator in the Italian radio and television transmission infrastructure market. The main television transmission platforms in the television broadcasting market are as follows:

- DTT (Digital Terrestrial Television, free and pay television),
- DTH (satellite),
- IPTV (internet),
- cable TV.

Compared to the other countries of Western Europe, Italy is characterized by having a widespread diffusion of the DTT platform, far more than the others. In the other countries, the reduced extent of the use of the DTT platform is due to a broader and more competitive presence of satellite platforms (e.g. in the United Kingdom and Germany), cable (e.g. Germany) and IPTV (France). The solid positioning of DTT in the Italian broadcasting scenario is further supported by the absence of cable TV (at a European level operators capable of providing television services via cable usually represent the strongest competitors on the market, as regards both television and broadband) and, in fact, of IPTV, whose lack of diffusion is among other things due to the limited presence of fast broadband networks capable of supporting the relative services.

Regarding the Italian radio market, programs are transmitted in both analog and digital format (DAB - Digital Audio Broadcasting) and no expiry dates have been set for a switch-off of the analog signal, in line with many other European countries.

As a consequence of the features of its network, Rai Way is able to provide its customers with tower rental services. In this respect Rai Way operates in the telecommunications towers sector which has four mobile network operators (MNOs): TIM, Vodafone, Wind and 3 Italia. These operators are integrated vertically and were prevalently the owners of their towers at 31 December 2014.

Rai Way on the financial markets

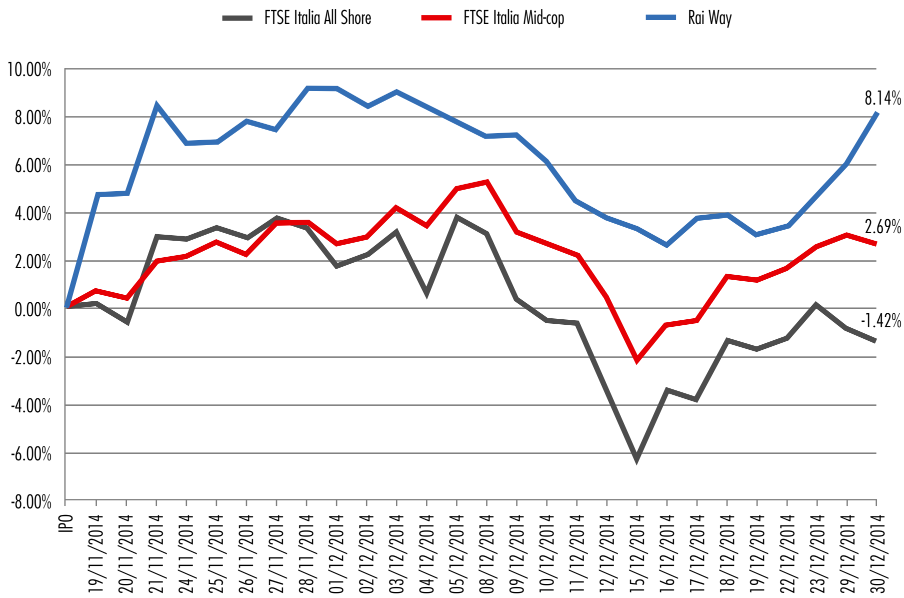
The Italian stock market (FTSE Italia All-share index) fell by 0.33% in 2014. The positive trend of the first half of the year (with a peak increase of 18.1% posted on 10 June 2014) was followed by a loss in the second half (-15.6% from 10 June to 31 December 2014).

More specifically, at an industry level, the positive performance of the Automotive, Telecommunications and Chemical sectors was counterbalanced by losses in Commerce, Oil and Natural Gas, Construction and Raw Materials.

The spread between the yields of the Italian BTPs and the German Bunds ended the year at 134 basis points, representing a fall from the figure of 217 basis points at the end of 2013.

Five new companies listed on the italian stock exchange in 2014.

Following the completion of the Company's Global Offering, on 19 November 2014 the shares of Rai Way were listed on the italian stock exchange at a price of Eur 2.95 per share.



Rai Way share price performed positively from the listing date to 31 December 2014, increasing by 8.14% compared to a fall in the FTSE Italia All Share index of –1.42% and a moderate rise of 2.69% in the FTSE Italia Mid-cap index.

At the end of 2014 Rai Way had a market capitalization of Eur 867.7 million.

The following table sets out key market figures:
:

Key market figures		
General data	ISIN	IT0005054967
	Number of shares	272,000,000
	Floating capital	34.93%
Price (euro; %)	Placement price (19/11/2014)	2.95
	Price at 31/12/2014	3.19
	Performance vs. placement	+8.14%
	Maximum price (closing)	3.22
	Minimum price (closing)	3.028
Volumes	Average volume	894,337
	Average volume (excluding first placement week)	366,575
	Maximum volume	9,708,364
	Minimum volume	105,191
Capitalization (euro mln)	Capitalization on placement (19/11/2014)	802.0
	Capitalization at 31/12/2014	867.7

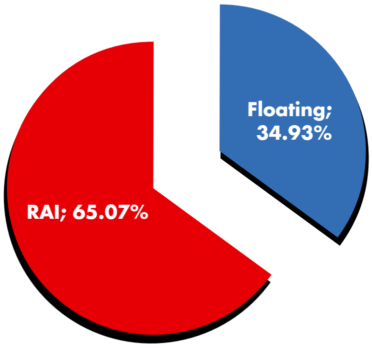
Shareholding structure

Until the Company's shares were first traded on the italian stock exchange on Wednesday 19 November 2014, its shareholding structure had remained unchanged, because before that date Rai Way had been a sole-shareholder company fully owned by Rai-Radiotelevisione Italiana SpA with a direct investment of 100%. Since that date, 34.93% of the Company's capital has been held by the market. The following chart and table set out the Company's shareholding structure at the placement date and provide a list of its main shareholders.

Shareholding structure
(figures based on the allocation of the Global Offering post exercise greenshoe option)

Shareholder	%
Blackrock	5.28%
Kairos Partners	3.31%
Artemis	2.39%
AMP Capital	1.56%
Cohen & Steers	1.56%
JP Morgan Fleming	1.29%
Anima SGR	1.10%
Others	18.44%
Total	34.93%

Country	%
Italy	14.32%
United Kingdom	6.54%
USA	7.61%
Switzerland	2.33%
France	2.04%
Others	2.08%
Total	34.93%



Trading performance

The most important initiatives taken in 2014 concerned the execution of the new service agreements with Rai, new agreements arranged with two mobile network operators and the start of negotiations with a third mobile network operator for renewing a hosting and service agreement.

On 31 July 2014, with effect from 1 July 2014, Rai Way and Rai executed a new service agreement to replace that relating to the 2000-2014 period under which Rai Way provides Rai, on an exclusive basis, with a set of services that enable it to carry out the following:

(i) regular transmission and broadcasting in Italy and abroad through the MUX frequencies assigned to RAI on the basis of applicable regulation;

(ii) the regular fulfilment of its Public Service obligations.

The new service agreement additionally provides for and governs the possibility for the parties to negotiate the provision of further services should Rai have any additional requirements in the future, meaning services designed to develop new electronic communications and telecommunications networks or new transmission technologies and standards.

In addition, regarding the transmission services that Rai Way has provided, it is worthy of note the support given to Rai for the coordination of the frequencies for the Giro d'Italia, the Formula 1 Grand Prix at Monza and various other events of national and international interest.

Rai Way has taken a new commercial approach with respect to radiomobile operators with the aim of encouraging the development of new generation networks and consolidating the Company's relationship with individual operators. In particular, this approach contemplates the application of incentive tariff criteria in favor of the development of the telecommunications networks at the sites available to Rai Way, also in exchange of an undertaking by these operators to continue to use a minimum number of sites for a period (enabling the Company to guarantee a portion of its turnover for the same period). In particular, following this commercial approach, in 2014 Rai Way renewed two of its main outstanding agreements with the four mobile network operators. Despite the steps taken by mobile operators to contain their costs aimed at optimizing existing resources, customers' interest in Rai Way's network infrastructure has remained essentially constant, in particular regarding the construction of hub positions for connectivity with other sites.

As far as broadcasting customers are concerned, a number of new television and radio stations were activated in 2014; in the same way the public administration also requested the activation of new sites, confirming the vitality of Rai Way's offer and the interest being shown in it.

In terms of international activities, Rai Way has entered an agreement with one of Indonesia's leading commercial broadcasters for the design and the support for activating a DVB-T2 Lite network in the Jakarta area for mobility television services.

Significant events

The main events which should be highlighted are as follows:

New service agreement with Rai

- On 31 July 2014, with effect from 1 July 2014, Rai and Rai Way renewed their commercial relationship by signing a new service agreement, replacing the service agreement in force for 2000-2014. The new agreement contains clauses that qualifies it as an operating lease under IAS 17 rather than as a finance lease, and this leads to a different accounting treatment.
- As a result of these changes the new service agreement has led to the following consequences in the Company's financial statements:
  a) in the statement of financial position:
    - recognition of network infrastructure as property, plant and equipment and intangible assets;
    - reclassification of inventories work in progress into property, plant and equipment as assets under construction and advances;

  - elimination, against the recognition of the above items of property, plant and equipment and intangible assets, of the financial receivables due to the Company by its Parent resulting from the termination of the 2000-2014 Service Agreement, which from an accounting standpoint had been recognized as a finance lease under IAS 17;
  - the recognition of a dismantling and restoration provision, based on the present value of the future costs which the Company expects to incur to restore the site locations on decommissioning of the related assets;

  b) in the income statement:
  - recognition as revenues of the component of the contractual fees which as part of the accounting treatment of the finance lease implicit in the 2000-2014 Service Agreement had been recognized as a deduction from the financial receivable due to the Company by the Parent Rai;
  - recognition from 1 July 2014 of depreciation and amortization on the basis of the respective economic and technical useful lives of the property, plant and equipment and intangible assets stated above;
  - interest income is no longer recognized from the contract, following the recognition of the finance lease receivable on reclassification of the implicit lease from a finance lease to an operating lease under the New Service Agreement.
- In addition, starting 1 July 2014, the Company's revenues benefit from tariffs that are higher than those included in the previously existing agreement.
- The new service agreement has an initial term of seven years starting from 1 July 2014 and is tacitly renewable for further seven-year periods up to a maximum of twenty one years, unless one of the parties gives at least twelve months' notice. Rai has the right to withdraw from the new service agreement from the start of the seventh year of the contractual term, wholly or partially. As a partial exception to this, Rai may also exercise its withdrawal right before the start of the seventh year in the case of force majeure events, but solely for this reason. Twelve months' notice must be given for exercising the withdrawal right; if less than twelve months' notice is given, Rai is required to pay Rai Way the portion of the fee for the service to which the withdrawal relates, calculated pro rata for the period less than twelve months not covered by the notice. In all cases of ad nutum withdrawal (exclusively after the seventh year of the contractual term), Rai is bound to pay the Company additional amounts as a penalty, in addition to

the annual fee reformulated pro rata for the service provided up to the effective withdrawal date, calculated on the basis of pre-established coefficients.

- For each year of the contractual term Rai Way receives a fee of Eur 175,000 thousand for rendering its services (Eur 85,500 thousand for the period from 1 July to 31 December 2014), recalculated for inflation from 1 January 2016. For the Services provided by Rai Way through the use of third party resources, the fee is determined on the basis of the amounts paid by the Company to its sub-contractors for providing the same services increased by a management fee of 5%.
- In relation to any additional services not contemplated by the new service contract, the fee will be agreed in good faith by the parties on a "fair market value" basis.

New Passive Service Agreement and Lease Agreement

On 31 July 2014, Rai Way and its Parent executed a new passive service agreement under which Rai Way engages Rai to provide the following services:

- Personnel Administration Services;
- General Services (canteen services and other accessory services);
- the ICT Service which consists of (i) the supply of the assets required and/or useful for carrying out IT activities and (ii) managing the Company's entire IT infrastructure;
- the Administration and Treasury Service;
- the service provided by the Research and Technological Innovation Service Center.

The new passive service agreement has a term of seven years starting from 1 July 2014 and is tacitly renewable for another seven-year period, unless one of the parties gives at least twelve months' written notice to the other party.

At the same time as signing the new passive service agreement, Rai Way and the Parent agreed to add a supplement to their lease and related supply services agreement. In particular, as the result of this supplement, it was agreed that the total fee payable by the Company to the Parent for the period from 1 July 2014 to 30 June 2015 should be Eur 6,988 thousand, compared to Eur 8,076 thousand in 2013. This fee will be revised annually on the basis of the ISTAT index for consumer prices in Italy (FOI).

Listing process

On 9 September 2014, Rai Way S.p.A. filed an application with Borsa Italiana for the admission of its ordinary shares to trading on the italian stock exchange. In addition, again on 9 September 2014, the Company filed a formal request with CONSOB for the authorization to publish a Prospectus relating to its Initial Public Offering and admission of its ordinary shares to a listing on the MTA.

On 2 October 2014, the Decree of the Council of Ministers on the criteria and means of disposing of the investments held indirectly by the Ministry of Economy and Finance in the capital of Rai Way (Decree Law no. 66 of 24 April 2014 converted with amendments into Law no. 89 of 23 June 2014) was published in the Italian Official Journal (general series no. 229). With the publication of this decree, the government formally authorized the sole shareholder Rai to proceed with an initial public offering of Rai Way's shares.

On 31 October 2014, CONSOB approved the publication of the Prospectus further to the admission provision issued by Borsa Italiana on 30 October.

The Global Offering related to 83,000,000 shares, corresponding to approximately 30.51% of the share capital of Rai Way, which were put on sale by Rai - Radiotelevisione Italiana S.p.A.

In addition, the Selling Shareholders granted the Joint Global Coordinators:

- an option to borrow up to an additional 12,000,000 Shares (equal to 14.46% of the number of the Offer Shares) to cover any over-allotments in the Institutional Placement, exercisable in the 30 days following the start of trading;
- a related purchase option (the "greenshoe option") at the Offer Price of up to 12,000,000 Shares (equal to 14.46% of the number of the Offer Shares), exercisable wholly or in part in the 30 days following the start of trading.

The Offer Price was set at Eur 2.95 per share under an open price mechanism.

The Global Offering was successfully completed on 13 November 2014 with applications being made for a total of 173,733,020 Shares and a demand which at the Offering Price was 2.1 times the number of shares on offer. On the basis of the applications received as part of the Global Offering, 95,000,000 were allocated to 7,755 applicants. These shares were provided as to 83,000,000 Shares from the sale by the Selling Shareholder and for the remaining 12,000,000 Shares from the full exercise of the Over-Allotment Option.

In detail, as part of the Public Offering:

- applications for 16,818,000 Shares were allocated to 7,682 applicants as follows:
  - 10,842,000 Shares by 6,708 applicants belonging to the general public taking the Minimum Lot;
  - 4,910,000 Shares by 409 applicants belonging to the general public taking the Increased Minimum Lot;
  - 1,066,000 Shares by 565 Employees taking the Minimum Lot for Employees;
- 11,864,000 Shares were allocated to 7,682 applicants as follows:
  - 6,708,000 Shares to 6,708 applicants belonging to the general public taking the Minimum Lot;
  - 4,090,000 Shares to 409 belonging to the general public taking the Increased Minimum Lot;
  - 1,066,000 Shares to 565 Employees taking the Minimum Lot for Employees.

As part of the Institutional Placement:

- applications were received for 156,915,020 Shares from 73 applicants as follows:
  - applications for 60,319,300 Shares from 30 Qualified Investors in Italy;
  - applications for 96,595,720 Shares from 43 institutional investors abroad;
- 83,136,000 Shares were allocated to 69 applicants as follows:
  - 27,641,000 Shares to 27 Qualified Investors in Italy;
  - 55,495,000 Shares to 42 institutional investors abroad;

The market accordingly holds approximately 34.93% of the share capital of Rai Way following the Global Offering.
Trading in the Company's shares on the italian stock exchange started on Wednesday 19 November 2014.

New Loan Agreement

On 15 October 2014 the Company entered into a new loan agreement with Mediobanca, BNP Paribas S.A., Intesa Sanpaolo S.p.A. and UBI Banca Società Cooperativa per Azioni as lending banks, selected following a competitive tender process. The New Loan Agreement provides the Company with a medium-term financing divided into two credit facilities, both to be used through cash draw-downs and both having final maturity on 30 September 2019.

More specifically:

- a term credit facility of up to Eur 120,000,000.00, available in no more than three draw-downs to be used for the early repayment of the credit facilities granted by Rai, as well as for financing its investments, for paying taxes, charges, fees and expenses related to the New Loan Agreement and for the Company's general cash requirements;
- a revolving credit facility of up to Eur 50,000,000.00, available from the date of the agreement until the thirtieth day preceding the expiry date, to be used to support working capital and general cash requirements.

Safety and the environment

As confirmation of the emphasis it places on issues regarding safety in the workplace and the environment, it should also be noted that the Company obtained the ISO 14001:2004 (2008) and OHSAS 18001:2007 (2011, certificate no. OHS 572925 of 5 July 2011) certifications in 2014.

The ISO 14001:2004 certification attests to compliance of the Company's environmental management system with the requirements of that standard, with specific respect to the environmental effect of electromagnetic radiation and the proper disposal of waste water as well as to the prudent management of hazardous substances and waste. The OHSAS 18001:2007 certifications attest compliance of the Company's occupational health and safety management systems with the requirements of that standard, with specific respect to the "Planning and management of networks and systems for transmitting and broadcasting radio and television signals in Italy and abroad".

Results for the year

The figures used in this section for analyzing the Company's earnings are based on the pro-forma economic information prepared to represent the main effects on the Company's financial statements of the following:

(i) the new service agreement between Rai Way, the owner of the network and the lessor pursuant to the agreement, and Rai, the lessee of the Network. More specifically, from an accounting standpoint the lease arrangement implicit in that agreement qualifies as an operating lease, unlike that of the previous agreement which qualifies as a finance lease; in the pro-forma statement of comprehensive income, therefore, taking into account the differences between the way operating and finance leases are accounted for the pro-forma accounting entries have led to the recognition of the revenues arriving from that agreement, the recognition of depreciation for property, plant and equipment and the elimination of the financial income arising from the finance lease implicit in the previous contract. In particular, the accounting treatment of the new service agreement on the pro-forma income statements has among other things led to higher pro-forma operating profit, pro-forma profit before income taxes and pro-forma profit for the year of respectively Eur 15.6 million, Eur 11.5 million and Eur 7.9 million for the year ended 31 December 2014 (Eur 39.3 million, Eur 29.5 million and Eur 20.1 million for the year ended 31 December 2013);

(ii) the new passive service agreement with Rai, whose effect among other things has led to changes in the cost for a number of services provided by Rai to the Company, such as Administration and Treasury Services, the service provided by the Research and Technological Innovation Service Center, General Services, Personnel Administration Services and the ICT Service;

(iii)the addendum to the "Lease and related supply services agreement", as the result of which the annual lease fee for the properties owned by Rai and used by Rai Way has been reduced.

More specifically, the accounting treatment of the new passive service agreement for services provided by Rai and the addendum to the "Lease and related supply services agreement" on the pro-forma income statements has among other things led to higher pro-forma operating profit, pro-forma profit before income taxes and pro-forma profit for the year of respectively Eur 1.6 million, Eur 1.6 million, Eur 1.1 million for the year ended 31 December 2014 (Eur 3.4 million, Eur 3.4 million and Eur 2.3 million for the year ended 31 December 2013).

It should be noted that the information contained in the pro-forma income statement is a simulation, provided solely for illustrative purposes which in the specific circumstances regard a theoretical situation, and accordingly does not represent the Company's actual financial situation or results. More specifically, since the pro-forma figures have been calculated to reflect the retroactive effects of subsequent transactions, there are limits connected with the nature of pro-forma data, despite compliance with generally accepted rules and use of reasonable assumptions. It should therefore be noted that if the new service agreement, the new passive service agreement and the lease agreement had actually been effective at the assumed dates, the results presented below would not necessarily have been achieved. In conclusion, it should also be noted that the following pro-forma figures are not in any way intended to represent a forecast of the Company's future results and should accordingly not be used in that respect.

On the basis of the above-mention reclassifications, the pro-forma year 2014 closed with a profit of Eur 33.6 million, an increase of Eur 2.7 million (+8.9%) over that of the previous year. The IFRS (non pro-forma) income statement closed 2014 with a profit of Eur 24.6 million, an increase of Eur 16.2 million over that of the previous year. The increase was affected by the classification for accounting purposes of the service agreement as a finance lease in 2013 and the first half of 2014. The different classification led to the recognition of the positive effects on profit or loss as financial income and the elimination of the depreciation charge for property, plant and equipment, with an effect on profit for the whole of 2013 and only the first six months of 2014.

The following table provides a summary of the Company's IFRS income statement and pro-forma income statement for the year ended 31 December 2014 and the year ended 31 December 2013:

Income statement (in euro millions) Year ended 31 December

(in euro millions)	2014	2013	Difference	2014PF	2013PF	Difference
Revenues from RAI	132.2	82.0	50.1	172.3	172.0	0.3
Revenues from third parties	35.1	36.3	(1.2)	35.1	36.3	(1.2)
TOTAL REVENUES	**167.3**	**118.3**	**48.9**	**207.4**	**208.4**	**(1.0)**
Other revenues and income	3.9	2.5	1.4	3.9	2.5	1.4
Personnel costs	(45.4)	(46.1)	0.7	(45.4)	(46.1)	0.7
Operating costs	(62.3)	(60.1)	(2.2)	(60.8)	(56.7)	(4.1)
Adjusted EBITDA	**63.4**	**14.6**	**48.8**	**105.1**	**108.0**	**(2.9)**
EBITDA Margin	37.9%	12.3%		50.7%	51.8%	
Adjustments	(0.5)	(3.6)	3.1	(0.5)	(3.6)	3.1
EBITDA	**62.9**	**11.0**	**51.9**	**104.6**	**104.5**	**0.2**
Amortization and depreciation	(25.1)	(0.2)	(25.0)	(49.7)	(50.9)	1.1
Write-downs	(0.4)	(1.3)	1.0	(0.4)	(1.3)	1.0
Allocations	(0.4)	(1.2)	0.8	(0.4)	(1.2)	0.8
OPERATING RESULT	**37.0**	**8.4**	**28.6**	**54.2**	**51.1**	**3.0**
Financial management	2.0	6.7	(4.7)	(2.0)	(3.1)	1.1
PROFIT BEFORE INCOME TAXES	**39.0**	**15.1**	**24.0**	**52.1**	**48.0**	**4.1**
Income tax	(14.4)	(6.6)	(7.8)	(18.6)	(17.2)	(1.4)
PROFIT FOR THE YEAR	**24.6**	**8.5**	**16.2**	**33.6**	**30.8**	**2.7**
PROFIT margin	**14.7%**	**7.1%**		**16.2%**	**14.8%**	

Rai Way's pro-forma revenues totaled Eur 207.4 million, a decrease of Eur 1 million (-0.5%) over the previous year.
The activities carried out for the Rai Group generated revenues of Eur 172.3 million, broadly in line with those of the previous year (+0.2%). Revenues of Eur 35.1 million were earned from commercial relationships with other customers, a

decrease of Eur 1.2 million over the previous year (-3.4%). This decrease arose mainly from tower rental revenues, as part of the steps taken to optimize existing resources and the effect of the decisions of telecommunications operators to dispose of certain sites; to this should be added the failure to renew a satellite broadcasting services agreement.

Other revenues and income increased by Eur 1.4 million (+56%), mainly due to the release of provisions of Eur 2.9 million representing an increase of Eur 1.3 million over 2013 (Eur 1.6 million).

Operating costs amounted to Eur 106.2 million representing an increase of Eur 3.4 million, or 3.3%, over the previous year.

Operating costs (in euro millions)

Year ended 31 December

(in euro millions)	2014	2013	Difference	2014PF	2013PF	Difference PF
Purchase of consumables	1.7	1.9	(0.2)	1.7	1.9	(0.2)
Cost of services	57.3	55.2	2.1	55.7	51.8	3.9
Other costs	3.3	3.0	0.3	3.3	3.0	0.3
Personnel costs	45.4	46.1	(0.7)	45.4	46.1	(0.7)
Total	**107.8**	**106.2**	**1.6**	**106.2**	**102.8**	**3.4**

There was a decrease of Eur 0.2 million in the "Purchase of consumables" mainly due to a fall in the price of combustibles, arising from the use of a two-year period as the basis for the procurement of diesel fuel for electricity generating groups and heating.

Purchase of consumables (in euro millions)

Year ended 31 December

(in euro millions)	2014	2013	Difference	2014PF	2013PF	Difference PF
Purchase of fuel	0.8	0.8	(0.0)	0.8	0.8	(0.0)
Purchase of combustibles	0.2	0.3	(0.1)	0.2	0.3	(0.1)
Miscellaneous tools	0.6	0.6	0.0	0.6	0.6	0.0
Technical material stocks	0.1	0.2	(0.1)	0.1	0.2	(0.1)
Change in inventory	(0.0)	(0.1)	0.0	(0.0)	(0.1)	0.0
Total purchase of consumables	**1.7**	**1.9**	**(0.2)**	**1.7**	**1.9**	**(0.2)**

"Cost of services" increased by Eur 3.9 million on a pro-forma basis mainly due to the effect of recognizing higher prior year adjustments in 2013.

Costs for the "Intercompany service agreement" include the pro-forma entries required to adjust these costs to the new agreement effective 1 July 2014. "Consulting services" do not include the costs for the IPO which are not included in adjusted EBITDA.

Detail of operating costs: Cost of services (in euro millions)

	Year ended 31 December					
(in euro millions)	2014	2013	Difference	2014PF	2013PF	Difference PF
Lease and rental	14.6	11.3	3.2	14.6	11.3	3.2
Other services	3.1	2.4	0.7	3.1	2.4	0.7
Compensation to directors and statutory auditors	0.8	0.9	(0.1)	0.8	0.9	(0.1)
Consulting services	1.0	0.7	0.3	1.0	0.7	0.3
Maintenance and repairs	6.0	6.3	(0.3)	6.0	6.3	(0.3)
Intercompany service agreement	14.5	15.9	(1.4)	12.9	12.5	0.4
Travel expenses	1.7	1.7	0.0	1.7	1.7	0.0
Utilities	15.7	16.0	(0.2)	15.7	16.0	(0.2)
Total cost of services	**57.3**	**55.2**	**2.1**	**55.7**	**51.8**	**3.9**

"Other costs" increased by Eur 0.3 million mainly due to an increase of Eur 0.2 million in the fee paid to AgCom arising from the new calculation method introduced by the regulator by way of Resolution no. 547/13/CONS of 30 September 2013.

Other costs (in euro millions)

	Year ended 31 December					
(in euro millions)	2014	2013	Difference	2014PF	2013PF	Difference PF
Taxes on production and consumption	1.1	1.0	0.1	1.1	1.0	0.1
ICI/IMU	1.3	1.3	0.1	1.3	1.3	0.1
Other indirect taxes. duties and other taxes	0.4	0.4	(0.0)	0.4	0.4	(0.0)
Other costs	0.6	0.3	0.2	0.6	0.3	0.2
Total other costs	**3.3**	**3.0**	**0.3**	**3.3**	**3.0**	**0.3**

"Personnel costs" amounted to Eur 45.4 million representing a decrease of Eur 0.7 million over 2013 (Eur 46.1 million). This item is reduced by the personnel costs capitalized for work carried out on the design and installation of infrastructure. The item also includes the adjustments of Eur 3.6 million made in 2013 for non-recurring expenses (restructuring costs) which have been reclassified as adjustments. The Company's average workforce fell by 2.8% in the year from 644 people in 2013 to 626 people in 2014, in line with the reorganization process currently taking place. The difference is mainly due to the increase of Eur 0.9 million in capitalized personnel costs from Eur 0.9 million in 2013 to Eur 1.8 million in 2014.

The main intermediary profit margins in the pro-forma income statement may be summarized as follows:

- EBITDA amounting to Eur 104.6 million, higher than the previous year by Eur 0.2 million (+ 0.1%);
- adjusted EBITDA totaling Eur 105.1 million, lower than the previous year by Eur 2.9 million (–2.7%) mainly due to the effect of recognizing higher prior year adjustments in 2013. The Company defines adjusted EBITDA as EBITDA adjusted for non-recurring expenses. The following table provides a reconciliation between EBITDA and adjusted EBITDA for the years ended 31 December 2014 and 31 December 2013.

Reconciliation between EBITDA and adjusted EBITDA (in euro millions)

Year ended 31 December

(in euro millions)	2014	2013	Difference	2014PF	2013PF	Difference PF
EBITDA	**62.9**	**11.0**	**51.9**	**104.6**	**104.5**	**0.2**
Restructuring costs - 2013		3.6	(3.6)		3.6	(3.6)
Costs for 2014 IPO	0.5		0.5	0.5		0.5
Adjusted EBITDA	**63.4**	**14.6**	**48.8**	**105.1**	**108.0**	**(2.9)**

- operating profit amounts to Eur 54.2 million, an increase of Eur 3.0 million (+6.0%) over the previous year;
- profit before income taxes amounts to Eur 52.1 million, an increase of Eur 4.1 million (+8.5%) over the previous year;
- profit for the year after taxes – of Eur 18.6 million – amounts to Eur 33.6 million, an increase of Eur 2.7 million (+8.9%) over the previous year.

The increase of Eur 3.0 million in operating profit was affected by a decrease of Eur 2.1 million in amortization, depreciation and write-downs.

The increase in profit before income taxes is due to an improvement of Eur 1.1 million in financial management, arising mainly from a reduction in the average debt for the year.

The following table sets out the Company's main economic and financial ratios, enabling a more detailed analysis of the Company's profitability and capital soundness to be performed.

Financial ratios and margins (in euro millions / %)

	2014	2013	2014PF	2013PF
EBITDA	62.9	11.0	104.6	104.5
EBITDA margin	37.6%	9.3%	50.4%	50.1%
Adjusted EBITDA	63.4	14.6	105.1	108.0
Adjusted EBITDA margin	37.9%	12.3%	50.7%	51.8%
Fixed capital	244	310	n.a.	n.a.
Working capital	(25.0)	(50.2)	n.a.	n.a.
Invested capital	219.3	(49.7)	n.a.	n.a.
Net financial position - ESMA	(65.5)	191.4	n.a.	n.a.
Net financial position - Rai Way	(65.5)	(58.6)	n.a.	n.a.
Capital expenditure	21.0	23.0	21.0	23.0
Cash conversion rate			80.0%	78.7%
ROE	20.0%	6.6%	n.a.	n.a.
ROS	22.1%	7.1%	26.1%	24.5%
ROI	43.6%	10.7%	n.a.	n.a.
Degree of indebtness	0.43	0.41	n.a.	n.a.
Financial autonomy	0.70	(2.85)	n.a.	n.a.

These ratios are calculated as follows:

- ROE is calculated as the ratio between profit for the year and the arithmetic average of total equity at the beginning and end of the year excluding profit for the year;
- ROI is calculated as the ratio between operating profit and the arithmetic average of invested capital at the beginning and end of the year. Invested capital is the sum of fixed capital, non-current financial assets and working capital[11];

[11] Working capital is calculated as the sum of inventory, trade receivables, trade payables, provisions for risks and charges and other assets and other liabilities.

- ROS is calculated as the ratio between operating profit and total revenues;
- the degree of indebtedness is calculated as the ratio between the net financial position and total equity;
- financial autonomy is calculated as the ratio between total equity and invested capital;
- capital expenditure consists of investments in property, plant and equipment and intangible assets and finance lease creditors, which represent the investments made in the network until 30 June 2014.
- the cash conversion rate is calculated as the ratio between the difference between adjusted EBITDA and capital expenditure and adjusted EBITDA.

The positive trend in ROE is caused by the increase in profit for the year, while the positive trends in ROS and ROI are mainly due to the increase in operating profit, despite the simultaneous increases in revenues and average invested capital respectively.

Capital expenditure

Capital expenditure totaling Eur 21.0 million was made in 2014 (Eur 23.0 million in 2013), mainly relating to the network infrastructure owned by the Company.
More specifically, these investments concern the active and passive components of the network, made with the aim of maintaining quality standards.
The Company is constantly committed to maintaining and improving the network in order to be able to ensure the highest possible standards of service. In this respect, activities were concentrated on the following key initiatives:

1 Renewal and renovation of DTT radiant systems for broadcasting; this initiative arises from the switch-off, with the objective on the one hand to ensure adequate levels of availability and on the other to enable the combination of all services at full power, also permitting the implementation of any potential third party customers' MUX;

1 Monitoring; tale iniziativa prevede l'installazione di apparati per il monitoraggio del funzionamento dei trasmettitori che consentano al personale un controllo diretto di tutti i servizi in onda rafforzando così il controllo della qualità erogata.

In particular, as part of both the analog and digital radio service the Company has been involved in design activities and has started up work aimed at improving reliability and ensuring the availability of the present service by renewing certain transmission equipment and the relative radiant systems.

In addition, three new channels containing the three web radios managed by Rai were added to the Rai DAB+ MUX.

Human Resources and Organization

Rai Way had a workforce of 623 people at 31 December 2014: 14 executives, 132 middle managers, 443 technicians and office workers (including 12 apprentices) and 34 manual workers. To these people an additional 15 workers with fixed-term employment contracts should be added.

The following table sets out information regarding the composition, age and education of personnel to provide further details of the Company's workforce.

	Executives			Middle managers			Office workers and technicians			Manual workers		
Anni	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Men (average annual number)	12	12	12	112	110	107	409	393	382	44	39	35
Women (average annual number)	1	1	2	14	13	13	75	77	77	0	0	0
Average age	53	53	52	53	53	53	44	45	46	54	55	55
Service period	21	20	20	29	27	27	15	18	18	28	29	29
University degree (%)	100	93	93	44	43	43	16	16	16	0	0	0
High school certificate (%)	0	7	7	56	57	57	79	79	81	59	66	68
School leaving certificate (%)	0	0	0	0	0	0	5	5	2	41	34	34

The Company's organizational structure was finalized in 2014 and the guiding principles and criteria underlying the policy for remunerating, enhancing the value of and developing its human resources were identified, being a key factor in reflecting and supporting the corporate strategy and values in Rai Way's new dimension as a listed company. The new organizational structure model has focalized the structure existing at the listing date more on the specifics of a company listed on the stock exchange in terms of:

1. governance and compliance with respect to the legislative and regulatory context, with functions of consultancy, management and control of corporate matters and the related requirements;
2. alignment to best market practice with the introduction and management of remuneration policies and appraisal processes (using an approach linked to company performance and shareholder returns);

3 inclusion of anti-corruption compliance in the management of processes and activities and in the search for opportunities and configuration of the audit control responsibilities;

4 implementation of the investor relations functions.

IAt the same time the Company's resulting organizational structure follows an approach that is highly geared towards operational excellence, technological innovation and business development headed by the General Manager and the coordinated Organizational Units, as well as rigorous economic and financial discipline, enabling it to have the Chief Financial Officer, the Head of Corporate and Legal Affairs and Secretary to the Board of Directors and the Chief Human Resources Officer as senior roles reporting directly to the Chief Executive Officer.
The Head of Internal Audit is also "Officer in charge of the prevention of corruption", stressing the extent to which integrity is a guiding principle in the Company's activities for the protection of its stakeholders.
As far as remuneration policies are concerned, a structured path has been laid out to establish a policy for the Company's senior management that is consistent with applicable regulatory provisions and market practice.
The results expected for 2015 will constitute a qualifying point of reference for rewards, talent management and organizational effectiveness.
With specific reference to the aspects of rewarding, the principles underlying a systemic architecture of management remuneration policies have been laid down (also with reference to a program implementing a monetary incentive system); during 2015 this will be put into operational practice in order to reflect and support the Company's strategic objectives as well as to attract, motivate and retain strategic resources, with an approach strongly geared towards creating value and sustaining results.
In line with the Company's training approach, the courses given in 2014 on Rai Way's specific areas of interest involved 866 people for a total of 13,949 hours.
As far as technical training is concerned, the courses on "DVB-T Technology" continued in four separate editions, involving 40 people for a total of 3,200 hours, as well as those on Non Ionizing Radiation (NIR) measures. Training took place both in the classroom and on the job.
In addition, training initiatives were carried out in relation to purchasing procedures and health and safety.

Disclosures regarding the main risks and uncertainties to which the Company is subject

The pursuit of the corporate mission and the Company's operating results, financial position and cash flows are affected by various potential risk factors and uncertainties. The main sources of risk and uncertainty are discussed in summary form below.

Risk factors related to the Company

Risks related to the concentration of revenues in a small number of customers

As a result of the concentration of the Company's clientele, any problem arising in trading relationships with the Company's main customers could have an adverse effect on its financial position, operating results and cash flows.

The Company's largest customers are Rai and the four major MNOs in Italy with whom it enters framework agreements for tower rental services, generally having a six-year term.

Despite the fact that renewals have already been formally agreed with the counterparties, together with an undertaking not to dispose sites for a three-year period, there is no certainty as to either the continuation of said relationships or the renewal of agreements at the natural expiry date. In addition, even if these arrangements are renewed, there is no certainty that the Company will be able to obtain contractual terms and conditions that are at least equivalent to those contained in the current agreements.

In addition to the above, as a consequence of the concentration of its revenues the Company is also exposed to the credit risk deriving from the possibility that its trade counterparties will be unable to fulfil their obligations.

The interruption to relationships with its main customers, the inability to renew existing agreements on expiry or the non-performance by one of its trade counterparties could have a negative effect on the Company's business and its results of operations, financial position and cash flows.

Risks related to the New Service Agreement

Given the importance of the New Service Agreement to the Company's revenues, its financial position, results of operations and cash flows could suffer negative effects if such agreement is terminated in advance, if the levels of the contractual services are not complied with or if there are significant increases in production costs (also as the result of measures taken by the competent authorities) that are not absorbed by a corresponding increase in the fee payable by Rai.

Risks related to the possibility that the Rai concession may not be renewed

Pursuant to articles 45 and 49 of Legislative Decree no. 177 of 31 July 2005 as amended, Rai has been mandated by concession to provide the general Public Service for radio and television broadcasting until 6 May 2016. The agreement stipulated between Rai and the Ministry of Economic Development (formerly the Ministry of Communications) on 15 March 1994 was approved by way of the Presidential Decree of 28 March 1994.

If the concessionary agreement between the Italian government and Rai is terminated or not renewed there could be material negative effects on the Company's operating results, financial position and cash flows. There is in fact a connection between the contractual relationship between the Italian government and Rai and the contractual relationship between Rai and the Company. As a result, the termination or non-renewal of the former has effects on the latter. Pursuant to the New Service Contract the failure to renew the concession is an institutional modifying event which entitles Rai to withdraw from such by giving twelve months' notice.

Risks related to the stipulation of a new service agreement between Rai and the Ministry

At the balance sheet date there was uncertainty as to the technical standards regarding the provision of the Public Service that will be agreed between Rai and the Ministry, given that the new service agreement between the Parent Company and the Ministry is currently under negotiation and has not yet been signed. The Service Agreement between Rai and the Ministry approved by way of the Ministerial Decree of 27 April 2011 and relating to the 2010-2012 period was still effective at the balance sheet date. Given that it has expired, the agreement is in a prorogation period.

Risks related to the ownership of the frequencies held by broadcasting customers

The Company is not and has never been the owner of frequencies, which are assigned to its customers known as broadcasters – a category that includes national and local radio and television operators of which also Rai forms part. The loss of the ownership of the frequencies by broadcasting customers could lead to a loss of customers by the Company, with negative effects on its revenues, as well as on its results of operations, financial position and cash flows. In addition, any changes to the assigned frequencies could cause an increase in the costs that the Company would be required to incur and the investments it would need to make.

Risk related to the contractual and administrative structure of the Sites

Given the importance of its network infrastructures to Rai Way for its business, negative events affecting such could have negative effects on the Company's results of operations, financial position and cash flows.

In particular, among the potential effects relating to the contractual and administrative structure of the Sites is the risk that the agreements for the use of the Sites (other than those wholly owned by Rai Way) on which the infrastructures are located will not be renewed, with the resulting obligation for the Company to return the land used in its original condition, or the risk that any renewals will not be obtained on terms at least as favorable as those applicable at the balance sheet date, with resulting negative effects on the profitability of managing the Sites and consequently on the Company's results of operations, financial position and cash flows.

In addition, given the importance of the company's property, any changes in existing taxes or the introduction of new taxes could have a material effect on the Company's tax charge.

Risks related to Rai's management and coordination activities

The Company is a member of the Rai Group and is subject to the management and coordination of the Parent Company pursuant to articles 2497 and following of the Italian civil code. Without prejudice to the above, the Company is capable of working in conditions of operational autonomy, to the extent appropriate for a listed company and in compliance with the best practice followed by listed issuers and in any case with the rules for the proper functioning of the market, generating revenues from its customers and using its own skills, technologies, human resources and funds. In particular, Rai carries out its management and coordination activities by the means described in the Management and Coordination Regulation which became effective on the First Trading Day (19 November 2014) and aims on the one hand to match the need for an informational link and functional interaction underlying Rai's management and coordination activities and on the other to

ensure that Rai Way's status as a listed company leads to its operational and financial autonomy at all times.
In particular, Rai's management and coordination is not of a general nature and is carried out exclusively by way of the following activities: (i) the drafting by Rai of certain general rules designed to coordinate – to the extent possible and in accordance with the respective needs – the main guidelines for the management of Rai and Rai Way; (ii) the requirement for Rai Way to inform the Parent Company in advance before approving or executing, depending on the case, any operations and/or transactions, determined and drawn up independently within Rai Way, that are considered to be of particular significance and importance with respect to the strategic lines and planning of the operations of the Rai Group; (iii) the communication by the Company to Rai of the information necessary or useful for management and coordination.
In no event does the Parent Company have any power of veto over any extraordinary operation that Rai Way may wish to perform or over the hiring or dismissal of executives by the Company, which has full and exclusive decisional power over matters of appointing or employing persons and setting their career paths.

Risks related to the powers of the Italian government (golden powers)
The ability of the Company to adopt certain corporate resolutions or the acquisition of certain equity interests in the Company by investors not resident in the European Union which are considered material for the purposes of control could be limited by the special powers of the Italian government ("golden powers") granted by Decree Law no. 21 of 15 March 2012 converted with amendments into Law no. 56 of 11 May 2012, which governs the government's special powers with respect, inter alia, to strategic assets in the communications sector, as identified by article 3 of Presidential Decree no. 85 of 25 March 2014.

Risks related to the Company's ability to implement its strategy
The inability of the Company to successfully implement any of its growth strategies could lead to negative effects on its business and on its results of operations, financial position and cash flows.
The Company's ability to increase its revenues and improve its profitability also depends on its success in achieving its strategy, which at the balance sheet date was based, inter alia, on the following factors:

- pursuit of performing further initiatives for Rai;
- strengthening of its market position as the leading operator in Italy for tower rental services, broadcasting services, transmission services and contribution services;
- enhancement and extension of its range of consultancy services and network management services, in particular regarding migration to digital;
- improvement of its operating efficiency and margins.

Risks related to key personnel

If the relationship between Rai Way and its key personnel ends, this could have negative effects on the Company's business and its results of operations, financial position and cash flows.

The results achieved by Rai Way also depend on the contribution provided by people having key roles within the Company (including in particular the Chief Executive Officer and the General Manager) who have extensive experience in the sector in which Rai Way operates, and who – in certain cases – have played a crucial role in developing the Company from the time of its establishment. At the balance sheet date, all these persons considered key for the purposes of the above are tied to the Company by permanent employment contracts.

Risks related to the licensing agreement for the brand name "Rai Way"

The use of the name "Rai Way" by the Company is directly connected with the continuation in force of the Brand Transfer and Licensing Agreement with Rai.

Although the name "Rai Way" does not have any specific importance for the purpose of identifying a product or service, given the particular nature of the business the Company performs, in the case of the assignment of the Brand Transfer and Licensing Agreement for any reason, the Company's right to use the name "Rai Way" could no longer hold and accordingly it would no longer be able to use it and would have to change its corporate name.

Risks related to related party transactions

The Company has had and continues to have relationships of a trading and financial nature with related parties, and in particular with Rai and other companies of the Rai Group. These relationships have allowed and continue to allow the Company, depending on the case, to obtain benefits from the use of common skills and services, the use of Group synergies and the application of unified policies in the financial field; in the Company's opinion these provide for terms and conditions in line with those of the market. Despite this, there is no certainty that if these transactions had been carried out with third parties, such would have negotiated and stipulated the relative agreements, or carried out the transactions, under the same terms and conditions and by the same means.

Risks related to financial and other covenants contained in the New Loan Agreement

On 15 October 2014 the Company entered into a New Loan Agreement with Mediobanca, BNP Paribas, Intesa Sanpaolo and UBI Banca, which includes general undertakings and financial and other covenants, also of a negative nature, which although in line with market practice for loans of similar amounts and nature could impose significant restrictions on its business. Further details on this matter may be found in the section "Current and non-current financial assets and liabilities" in the notes to the financial statements.

Risks related to judicial and administrative proceedings and the possibility that the Company's provision for risks and charges may not be adequate

Should the courts find against the Company in the principal court proceedings to which it is party and should the Company incur losses that are significantly higher than the amounts provided in its financial statements, this could lead to negative effects on its business and its financial position, results of operations and cash flows. Without prejudice to these statements, the Company believes that the provisions recognized in its financial statements at the balance sheet date are adequate.

Risks related to the takeover of the Company

Given the interest held by the controlling shareholder Rai and given the legislative framework in which this exists, the Company cannot be taken over

Risk factors related to the industry in which the Company operates

Risks related to obtaining administrative authorizations and/or to the fact that these may be revoked

The failure by the Company to obtain authorizations and permits or to obtain these late, the delayed issue of such authorizations and permits or the issue of authorizations and permits which only partially satisfy the Company's requests, together with the revocation of these authorizations and permits, could have negative effects on the Company's business and, consequently, on its results of operations, financial position and cash flows.

Risks related to the effects of natural disasters or other force majeure events on infrastructure

It is essential for the network to work properly if the Company is to conduct its business and provide services to its customers. Although the Company believes that its insurance coverage will adequately cover all the costs of any damagethat may be caused by natural disasters or force majeure events, and that in any case it has operating procedures that will come into play if such events should occur, any partial or total damage to the Company's towers or, more generally, its Sites, and to its main locations such as its Control Center and regional centers, caused by natural disasters or other force majeure events, could hinder, or in certain cases prevent, the Company from carrying out its normal operations and its ability to provide services to its customers, with possible negative effects on its business and on its results of operations, financial position and cash flows.

Risks related to the interruption of the activities of the technological and IT infrastructures

To provide its services and, more generally, to carry out its activities, the Company uses sophisticated infrastructure and computer technology, which by its nature is prone to interruptions or other malfunctions caused by, among other things, natural disasters, prolonged electricity outages, process errors, viruses and malware, the actions of hackers and security issues or failures of suppliers. The interruption of the activities of the technological and IT infrastructures could have negative effects on the Company's business and on its results of operations, financial position and cash flows.

Risks related to the maintenance and technological upgrading of the Company's Network

Rai Way's ability to maintain a high level of services depends on its ability to maintain the proper operating condition of its infrastructure, which requires substantial amounts of capital and long-term investment, included that related to the technological renewal, optimization or improvement of its existing Network. The Company's failure to maintain its Network or to introduce technological changes to the Network on a timely basis could have negative effects on its results of operations, financial position and cash flows.

The Company constantly monitors the proper operating condition of its Network, developing projects designed to improve the level of its services and enhance the infrastructure on the basis of the technologies applicable at the time.

Risks related to technological change

The reference market in which Rai Way operates is characterized by constant changes in the technology used for the transmission and broadcasting of television and radio signals, which leads to the requirement: (i) to constantly develop the skills required for rapidly and fully understanding the needs of its customers, in order to develop its service offer on a timely basis with the aim of having a reputation on the market as a full service provider; and (ii) to provide constant training to its personnel.

Rai Way's inability to identify the technological solutions required to deal with changes and future development on its markets of reference could have negative effects on the Company's results of operations, financial position and cash flows.

Risks related to increased competition

As regards the business sectors in which the Company operates, the Italian market is characterized by a limited presence of domestic and international operators. Significant increases in the number of competitors could have negative effects on the Company's results of operations, financial position and cash flows.

Risks related to environmental protection and electromagnetic radiation

The Company is subject to comprehensive regulation at national and EU level aimed at the protection of the environment and health. Compliance with such regulations and requirements, moreover, is one of the conditions for the eligibility for and renewal of licenses and permits which the Company requires for the installation and operation of equipment emitting electronic waves. Any breaches of the applicable environmental rules could have negative effects on the Company's results of operations, financial position and cash flows.

The Company places particular emphasis on complying with environmental protection regulations and undertakes to be constantly updated in this respect, as moreover attested by its 2008 ISO14001:2004 and 2011 OHSAS 18001:2007 certifications.

Risks related to the reference regulatory framework in relation to the business of the customers of Rai Way

The Company's business, as well as that of its customers, is subject to a wide-ranging regulatory regime, stemming from both domestic and EU rules and requirements, in particular with respect to administrative matters and environmental concerns, as part of which importance is also assumed by the numerous legislative requirements imposed by the competent authorities on the Company's customers, by virtue of the indirect effects which the failure of these customers to comply with such could have on Rai Way's business. In particular, broadcasting customers and mobile telephone operators which the Company hosts at its Sites are subject to the legislation designed to protect persons and the environment from exposure to magnetic fields.

Should any of Rai Way's customers be deemed to be in violation of these regulations, they could be exposed to sanctions, including the shut-down of transmission activities. These interruptions could have negative effects on the Company's revenues and, as a consequence, on its results of operations, financial position and cash flows.

Risks related to the possible decline in demand for services by customers

The Company provides integrated products and services to its customers with an approach geared towards full service hosting with the aim, on the basis of the operating model adopted, of covering the entire tower hosting chain – from the basic lease of equipment to all the services required to keep this in proper working order and provide maintenance for this at the Sites. The possible decline in the demand for the services carried out by Rai Way could have negative effects on the Company's results of operations, financial position and cash flows.

Risks arising from stoppages and strikes

In carrying out its business the Company is subject to the risk of strikes, stoppages and similar action by its employees in connection with events or circumstances that may not relate directly to the Company, but more generally to the Parent Company or the Rai Group. However, with regard to services provided to Rai, which are considered to be essential public services, the right to strike may only be exercised to the extent of enabling indispensable services to be provided, also by virtue of a trade union agreement of 22 November 2001 relating to the employees of the Rai Group.

The decision by large numbers of employees to take part in strikes or industrial action could have negative effects on the Company's results of operations, financial position and cash flows.

Risks related to global economic conditions

A possible decline by customers in the demand for the services carried out by Rai Way arising from the persistence of the global economic and financial crisis could have negative effects on the Company's results of operations, financial position and cash flows.

Financial risks

The Company could be exposed as a whole to the following financial risks:

- exchange rate risk: exchange rate risk was not significant in 2014;
- interest rate risk: as far as cash availability is concerned, the Company was party to a "Centralized treasury" agreement with Rai until 18 November 2014, with the rates for interest receivable and payable on the intercompany account being governed by the Parent Company, with reference made to the external money market. For the period following that date, reference should be made to the following point;
- liquidity risk relates to the Company's ability to satisfy its commitments which mostly derive from financial liabilities. More specifically, the Company financed itself almost entirely through the intercompany credit facility with Rai until 18 November 2014 (the day before the start of trading in the Company's shares on the stock exchange). On that date, the Company replaced that credit facility with a medium-term financing agreement entered into with a syndicate of banks divided into two facilities:

- a term facility of up to Eur 120 million, of which Eur 80 drawn down in 2014;
- a revolving facility of up to Eur 50 million not yet utilized.

A more detailed analysis may be found in the section "Financial Risk Management" of the notes to the financial statements.

Credit risk

As far as credit risk is concerned, in addition to Rai the Company's principal customers are entities of the public administration, the leading mobile network operators and various broadcasting companies which settle their payment obligations on a regular basis; this situation enables the Company to state that at the present moment there are no particular risks connected with the failure to collect receivables.
A more detailed analysis may be found in the section "Financial Risk Management" of the notes to the financial statements.

Data Security Policy and the "Security Policy Document"

Following the introduction of article 45 of Legislative Decree no. 5 of 9 February 2012 and the resulting abolition of the obligation for entities to update their "Security Policy Document", the Company is no longer required to carry out that process and accordingly made no changes as of 31 December 2014.
As however there had been no significant changes in the Company's activities at that date the document updated as of 31 December 2011 may be considered suitable for the purposes of personal data protection as per article 34 of Legislative Decree no. 196/2003 and Annex B of such.
The above considerations also apply if it is taken into account that data protection offences have been excluded from the scope of those that are relevant pursuant to Legislative Decree no. 231/2001 following the entry into force of Law no. 119 of 15 October 2013. Upon conversion, paragraph 2 of article 9 of Legislative Decree no. 93/2013, which contemplated said offences, was repealed.
In any case, the Company has implemented an adequate internal organization and carefully checks for compliance with the data protection regulations within the corporate environment on a constant basis, by appointing personal data protection officers pursuant to articles 4, 29 and 30 of Legislative Decree no. 196/2003 and by issuing disclosures relating to the precautionary and security measures to be adopted pursuant to articles 33, 34 and 35 of the above-mentioned legislation.

For further implementation and verification of security requirements, the Company has implemented a monitoring and reporting system that should be applied every six months by each data protection officer, also in order to outline the security measures adopted.
At present, therefore, the internal regulations in force provide for the necessary security measures, including those for the digital authentication and the authorization to retrieve data, specifying the scope of data processing for data processors and any persons responsible for the management and maintenance of electronic instruments and providing for adequate measures for the protection of data, particularly sensitive data, in the presence of any possible illegal treatment or unauthorized access, with copies held in safe custody, including measures to restore systems.
The Company has, therefore, complied with the above requirements within the scope of the more general and prevailing needs of cost containment, since it is not necessary to use resources for activities that are no longer required by law in the absence of needs that have not already been safeguarded.

Research and development

During 2014, the Company's research and development work was mostly directed to test the new digital techniques applied to the broadcasting of radio and television services. These activities have been carried out also in collaboration with Rai's Research and Technological Innovation Center (CRIT).

The main activities may be summarized as follows:

- SFN (Single Frequency Network): a new testing was launched to check the effects of propagation on the digital terrestrial signal by the systematic collection of data involving various propagation scenario. This database will enable the Company to perform a study of the effects of propagation (in particular the ones due to the sea during the warmer months of the year) and assess the effects of the co-channel interference. In order to carry out the field testing, 5 *ASAP* (*A Study About Propagation*) equipment have been designed and set up which will be installed in 2015. The data gathered throughout the whole year will be processed within University internship programs, currently under agreement, in order to acquire indications on how to improve the DVB-T network;
- EBU contribution on the Aosta Valley T2-Lite testing: in cooperation with the Rai Research Center in Turin and the Rai Way Aosta Valley Zone a contribution was

prepared on the T2-Lite testing in the Aosta Valley which was included in the EBU TR 029 Report. The EBU Report was brought to the attention of the ITU's Rapporteur Group on "Design and implementation of Single Frequency Networks (SFN)";

- Wind Turbines: in cooperation with the University of the Basque Country an analysis was performed on the Lagopesole wind farm currently under construction. The interference effect of wind farm systems on radio broadcasting systems was assessed and the results of this study became part of an ITU Report. In addition, a modification to the related ITU Recommendation has been proposed, in order to promote in the national legislation the incorporation of the interference assessment to the broadcasting service before the release of the authorization for the wind farm construction. A cooperation with the Politecnico di Milano was set up with the aim of creating a national reference model to assess the interference;
- Spectrum Recording: using high frequency sampling electromagnetic spectrum recorders, a database of electromagnetic reference radiofrequency signal is going to be created. It will contain several different types of signals, e.g. DVB-T, DVB-T2, DVB-T2 Lite, FM, DAB+, LTE which will be collected in field, in static and dynamic reception mode, in standard or in particular reception condition such as in presence of Wind Farms. The scope of this activity is to have a collection of well known spectrum samples for the testing and comparing of professional, semi-professional and user receivers.

Relationships with companies of the Rai Group

Relationships of a commercial and financial nature are maintained with the Parent Company Rai - Radiotelevisione Italiana; relationships with other companies of the Rai Group are exclusively of a commercial nature. Further details may be found in the section "Related party transactions" in the notes to the financial statements.

Treasury shares

The Company does not hold any treasury shares or shares of the Parent Company, and has not acquired or disposed of such, either directly or through a trustee company or third party.

Subsequent events

On 24 February 2015, by way of a communication, EI Towers S.p.A. announced that its Board of Directors had unanimously resolved to proceed with a voluntary public purchase and exchange offer on the 272,000,000 ordinary shares of Rai Way S.p.A. representing the whole of the Company's share capital.

The aim of this offer – made pursuant to and in accordance with article 102 and article 106, paragraph 4 of Legislative Decree no. 58 of 24 February 1998 as amended and the relative implementation provisions – is to withdraw the shares of Rai Way S.p.A. from listing on the italian stock exchange (MTA) or purchase an interest representing at least 66.67% of Rai Way's share capital.

Further information on the terms and conditions of the offer may be found in the above-mentioned communication.

Business outlook

Digital Terrestrial is showing itself to be the reference platform in the Italian broadcasting market, with a growing interest arising in testing new transmission techniques (DVB-T2) aimed mainly at the terrestrial broadcasting of HD television programmes. The development of the radiophonic broadcasting service in DAB+ digital technology and the expansion of the LTE service in terms of population coverage by mobile telephone operators continue.

The main lines of development are based on providing new services to RAI, the consideration of which is not included in the fees of the current service contract, together with a commercial focus on third-party customers, namely TV and radio broadcasters and telecommunication operators.

Rai Way is forecasting for 2015:

- an expected increase of approximately Eur 2 million in EBITDA over the (proforma) figure achieved in 2014;
- capital expenditure expected at around Eur 40 million, including investments relating to the new services to be provided to Rai;
- year ended net debt targeted at approximately Eur 50 million.

Coordination and control activity

The Company is subject to the management and coordination of Rai pursuant to articles 2497 and following of the Italian civil code.

Following the admission to trading and listing of the Company's shares, Rai continues to exercise control pursuant to article 93 of the Consolidated Finance Act and exercise management and coordination activities with respect to Rai Way. In the Company's opinion though, although it is subject to the management and coordination of Rai, it works in conditions of operational autonomy, generating revenues from its customers and using its own skills, technologies, human resources and funds.

On 4 September 2014, the boards of directors of Rai and Rai Way, to the extent of their competence, approved the Management and Coordination Regulation of the Parent Company with respect to Rai Way in a manner completely different from that of the other companies of the Rai Group subject to management and coordination by Rai.

This Management and Coordination Regulation, which became effective on the date on which trading began in the Company's shares, aims on the one hand to match the need for an informational link and functional interaction underlying Rai's management and coordination activities and on the other to ensure that Rai Way's status as a listed company leads to its operational and financial autonomy at all times.

Rai mainly performs its management and coordination activities with respect to Rai Way in the following manner:

a the drafting of certain general rules designed to coordinate – to the extent possible and in accordance with the respective needs – the main guidelines for the management of Rai and Rai Way;

b the requirement for Rai Way to inform the Parent Company in advance before approving or executing, depending on the case, any operations and/or transactions, determined and drawn up independently within Rai Way, that are considered to be of particular significance and importance with respect to the strategic lines and planning of the operations of the Rai Group;

c the requirement for Rai Way to provide certain information necessary in accordance with the regulation and general operational guidelines.

Set out below are details of the relationships between Rai and Rai Way after the date on which trading began in the Company's shares and the resulting application of the regulation:

- Strategic planning (budget and business plan). The Board of Directors of Rai Way is independently responsible for drawing up and approving the Company's long-term strategic plans, business plans and financial plans, as well as its annual budgets, and Rai's coordination consists mainly of providing Rai Way with guidelines for the sole purpose of compliance with the Parent's financial covenants – where relevant – and requirements deriving from the concession of the Public Service granted to Rai.

- General management guidelines. Rai's duties include the drafting, through its organization, of general operational guidelines in order to unify the procedures of Rai and Rai Way, maximizing possible synergies and reducing the costs incurred. These objectives can be pursued by centralizing certain services, arranging for common procurement of supplies and adopting the Rai Group's documents and procedures.

- Extraordinary operations. Rai will have no power of veto over Rai Way's extraordinary operations. In accordance with regulations in force at the time regarding the acquisition, management and use of privileged information (price sensitive information) and market abuse, Rai Way will be required to provide prior information to Rai regarding certain specific operational activities and transactions, determined and drawn up independently by Rai Way, which assume particular significance and importance, having regard in particular to the strategic lines, projects and planning of the Rai Group's operations. The Parent Company's Board of Directors will be able to formulate comments and observations whenever it believes that the approval or execution by Rai Way of the significant operation is inconsistent with the strategic lines, initiatives and projects drawn up by Rai, or else is liable to jeopardize uniform management of the Group. It is understood that Rai Way shall be entitled to assess such comments and observations without any requirement to comply with them.

- **Communication of information.** Without prejudice to the preceding, the Company will continue to report to the Parent Company, on a periodic basis, all the information that may be necessary or useful for performing management and coordination in accordance with the regulation, including the information required by Rai to prepare its consolidated financial statements pursuant to article 2381, paragraph 5 of the Italian civil code. Without prejudice to the above, Rai Way is responsible and bound to comply on an autonomous basis with all the requirements to provide continuous and periodic disclosures to the public and CONSOB.

- **Personnel and remuneration policies.** Rai Way has exclusive responsibility for every decision regarding the appointment and hiring of the Company's personnel and executives, the management of employment relationships and the establishment of remuneration policies, including setting the career paths and implementing the appraisal and incentive systems for executives, in respect of which Rai has no power of veto. The Parent Company may adopt specific procedures, which will also be autonomously implemented by Rai Way, directed solely towards compliance with transparency and non-discriminatory criteria which must be a distinct feature, among other things, of the procedures for appointing and hiring the personnel of bodies governed by public law.

- **Treasury relationships.** Rai Way no longer has a centralized treasury relationship with Rai and has its own autonomous treasury. The Company has the competence and responsibility for drawing up and approving its financial policy, including risk management and liquidity management policies.

In addition, the Company also has a Control and Risks Committee, which also carries out the functions of the Related Party Committee, and an Appointments Committee whose members are exclusively independent directors under the criteria established by article 148, paragraph 3 of Legislative Decree no. 58/1998, the Corporate Governance Code of Borsa Italiana S.p.A. and article 37 of CONSOB Regulation 16191/2007. The Company also has a Board of Directors, the majority of whose members are independent directors.

Report on corporate governance and ownership structures

The Report on Corporate Governance and Ownership Structures that has been prepared pursuant to article 123-bis of the Consolidated Finance Act may be consulted on the Company's website www.raiway.it

Rome, 12 March 2015

On behalf of the Board of Directors
The Chairman
Camillo Rossotto

Financial Statements

INCOME STATEMENT (*)
Rai Way SpA

(in euro)	Year ended 31/12/14	Year ended 31/12/13
Revenues	167,264,346	118,342,286
Other revenues and income	3,904,569	2,487,470
Purchase of consumables	(1,701,657)	(1,861,914)
Cost of services	(57,750,749)	(55,198,592)
Personnel costs	(45,443,766)	(49,705,434)
Other costs	(3,346,706)	(3,015,453)
Amortization, depreciation and write-downs	(25,498,983)	(1,461,060)
Allocations	(410,000)	(1,185,000)
Operating profit	**37,017,054**	**8,402,303**
Financial income	4,070,766	9,615,898
Financial expenses	(2,069,551)	(2,945,200)
Total financial income and expenses	**2,001,215**	**6,670,698**
Profit before income taxes	**39,018,269**	**15,073,001**
Income tax	(14,372,494)	(6,619,192)
Profit for the year	**24,645,775**	**8,453,809**

STATEMENT OF COMPREHENSIVE INCOME
Rai Way SpA

(in euro)	Year ended 31/12/14	Year ended 31/12/13
Profit for the year	**24,645,775**	**8,453,809**
Items that will not be reclassified to the income statement		
Actuarial gains (losses) on the employee benefits	(1,927,501)	810,759
Tax effect	530,063	(222,958)
Total comprehensive income for the year	**23,248,337**	**9,041,610**

(*) Statement prepared in accordance with the International Reporting Standards issued by the International Accounting Standards Board and adopted by European Union ("IFRS").

STATEMENT OF FINANCIAL POSITION (*)
Rai Way SpA

(in euro)	Year ended 31/12/14	Year ended 31/12/13
Non-current assets		
Property, plant and equipment	243,126,987	309,796
Intangible assets	630,885	
Non-current financial assets	577,728	201,892
Deferred tax assets	5,448,256	5,268,459
Total non-current assets	**249,783,855**	**5,780,147**
Current assets		
Inventory	900,592	21,051,378
Trade receivables	64,401,606	50,430,228
Other current receivables and assets	4,383,597	1,767,057
Current financial assets	676,449	249,961,149
Cash and cash equivalents	14,657,765	
Tax receivables	313,688	352,067
Total current assets	**85,333,697**	**323,561,879**
Total assets	**335,117,552**	**329,342,026**
Shareholders' equity		
Share capital	70,176,000	70,176,000
Legal reserve	6,890,612	6,298,612
Other reserves	37,078,970	37,078,970
Retained earnings	39,644,818	28,140,479
Total shareholders' equity	**153,790,400**	**141,694,061**
Non-current liabilities		
Non-current financial liabilities	80,572,451	1,197,431
Employee benefits	21,326,026	19,492,977
Provisions for risks and charges	18,588,667	12,776,003
Other non-current payables and liabilities	-	
Deferred tax liabilities	-	
Total non-current liabilities	**120,487,144**	**33,466,411**
Current liabilities		
Trade payables	35,951,405	82,963,606
Other current payables and liabilities	21,689,239	11,091,177
Current financial liabilities	294,899	57,382,342
Tax payables	2,904,466	2,744,429
Total current liabilities	**60,840,009**	**154,181,554**
Total liabilities and shareholders' equity	**335,117,552**	**329,342,026**

(*) Statement prepared in accordance with the International Reporting Standards issued by the International Accounting Standards Board and adopted by European Union ("IFRS").

STATEMENT OF CHANGES IN EQUITY (*)
Rai Way SpA

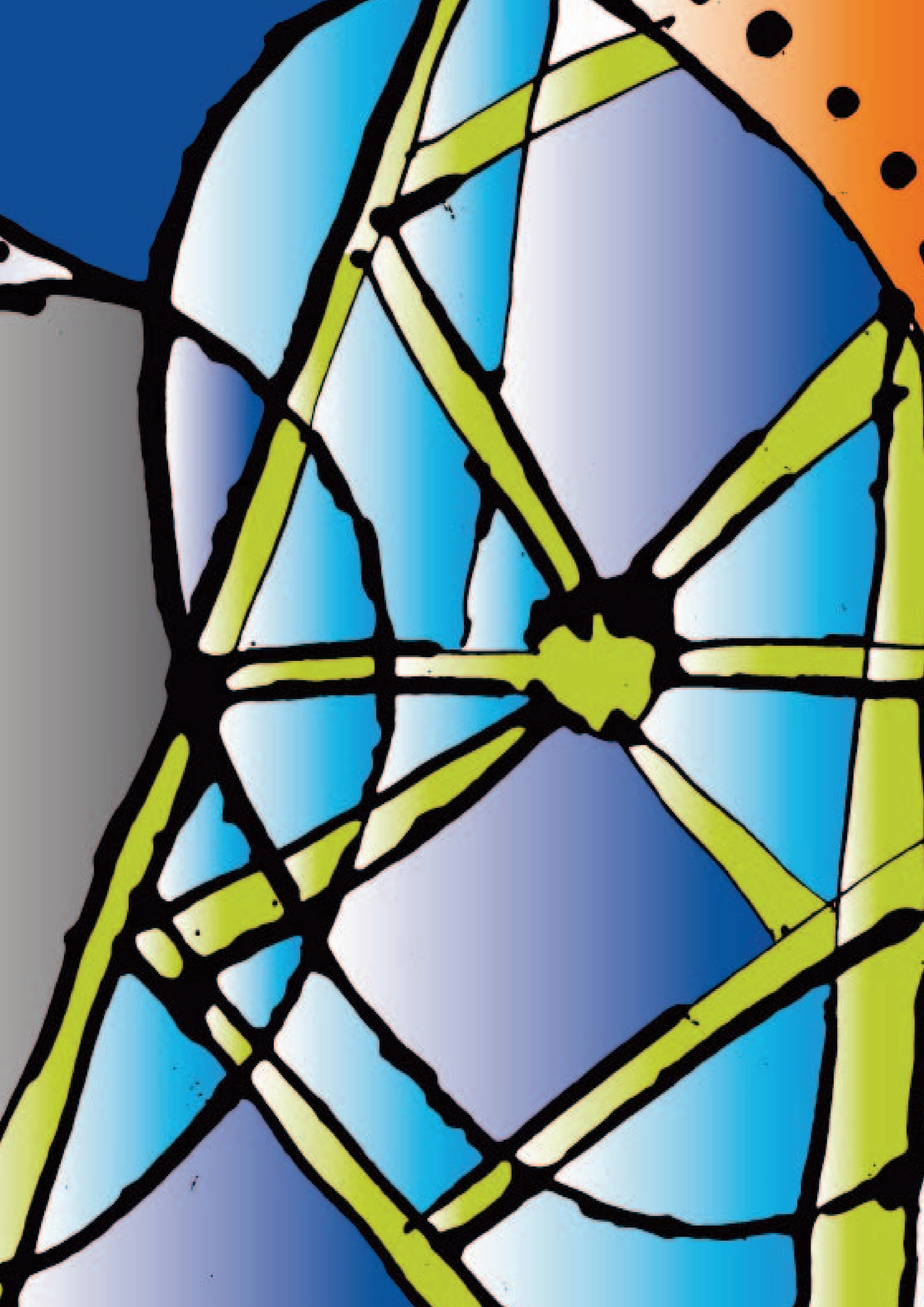
(in euro)	Share capital	Legal reserve	Other reserves	Retained earnings	Total
1 January 2012	**70,176,000**	**5,283,612**	**36,991,970**	**15,542,370**	**127,993,952**
Comprehensive income for the year				4,658,499	4,658,499
Allocation of profit to reserves		845,000	87,000	(932,000)	-
31 December 2012	**70,176,000**	**6,128,612**	**37,078,970**	**19,268,871**	**132,652,453**
Comprehensive income for the year				9,041,608	9,041,608
Allocation of profit to reserves		170,000		(170,000)	-
31 December 2013	**70,176,000**	**6,298,612**	**37,078,970**	**28,140,479**	**141,694,061**
Comprehensive income for the year				24,645,775	24,645,775
Gains and losses from actuarial valuation				(1,397,438)	(1,397,438)
Allocation of profit to reserves		592,000		(592,000)	-
Dividend distribution				(11,152,000)	(11,152,000)
31 December 2014	**70,176,000**	**6,890,612**	**37,078,970**	**39,644,818**	**153,790,400**
					153,790,400

(*) Statement prepared in accordance with the International Reporting Standards issued by the International Accounting Standards Board and adopted by European Union ("IFRS").

CASH FLOW STATEMENT (*)
Rai Way SpA

(in euro)	Year ended 31/12/14	Year ended 31/12/13
Profit before income taxes	**39,018,269**	**15,073,001**
Adjustments for:		
Amortization, depreciation and write-downs	25,498,983	1,461,060
Allocations to (releases from) provisions for personnel and other provisions	(23,578)	1,910,853
Net financial income	(2,001,215)	(6,670,698)
Other non-monetary items	69,923	(261,406)
Cash flows operating activities before changes in net working capital	**62,562,382**	**11,512,810**
Change in inventory	(4,259)	(50,134)
Change in trade receivables	(14,321,378)	17,945,810
Change in trade payables	(47,012,201)	8,918,624
Change in other assets	(248,771)	1,974,401
Change in other liabilities	854,978	1,036,702
Use of provisions for risks	(567,514)	(3,676,000)
Payment of benefits to employees	(2,791,437)	(4,876,000)
Change in tax receivables and payables	176,151	(73,766)
Tax paid	(6,974,913)	(4,528,506)
Net cash from (used in) operating activities	**(8,326,963)**	**28,183,941**
Investments in property, plant and equipment	(14,068,000)	(116,723)
Disposals of property, plant and equipment	227,000	-
Investments in intangible assets	(465,885)	-
Diposals of intangible assets	-	-
Investments related to finance leases	(6,439,382)	(22,871,162)
Collection of amounts related to finance lease	31,101,642	64,183,931
Receipt of long-term loans	79,502,846	-
Change in non-current financial assets	(375,836)	-
Interest collected	4,070,766	9,616,000
Net cash from investing activities	**93,553,151**	**50,812,046**
Repayment of long-term loans	(142,412)	(138,000)
Change in current financial assets	(676,449)	-
(Decrease) increase in short-term loans and other loans	(57,172,571)	(76,409,685)
Interest paid	(1,424,991)	(2,448,302)
Dividends distributed	(11,152,000)	-
Net cash (used in) financial activities	**(70,568,423)**	**(78,995,987)**
Change in cash and cash equivalents	**14,657,765**	**-**
Cash and cash equivalents at the beginning of the year (**)	-	-
Cash and cash equivalents at the end of the year (**)	14,657,765	-

(*) Statement prepared in accordance with the International Reporting Standards issued by the International Accounting Standards Board and adopted by European Union ("IFRS").
(**) Under the centralized treasury agreement, in force since 18 November 2014, the parent Rai Radiotelevisone Italiana S.p.A. is engaged to carry out the Company's financial management through a system of cash pooling which provides for the daily transfer of the positive and negative balances deriving from operations to an intercompany current account; as a consequence, the cash flows generated/absorbed by operating, investing and financing operations are recognised as a receivable from/payable to the parent Rai Radiotelevisone Italiana S.p.A. in the item "short-term financing and other financing" and the Company accordingly always has a nil cash balance. Reference should be made to the section "Related party transactions" for further details.



Introduction

Rai Way S.p.A. (hereafter "Rai Way" or the "Company") has prepared these financial statements for the years ended 31 December 2014 and 2013 (hereafter the "Financial Statements") in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union ("IFRS").

General Information

Rai Way S.p.A. (hereafter ''Rai Way'' or the Company'') is incorporated and domiciled in Italy, with its registered office in Rome, Via Teulada 66, and organized under the laws of the Republic of Italy.

The Company, which was incorporated on 27 July 1999, has been operational since 1 March 2000 following the contribution of the "Transmission and Broadcasting Division" by its sole shareholder Rai Radiotelevisione Italiana S.p.A. (hereafter "Rai").

Rai Way owns and operates the networks for the transmission and broadcasting of the Rai signal. The Company's activities involve:

- design, installation, construction, maintenance, implementation, development and management of telecommunications networks and software, as well as the preparation and operation of a commercial, distribution and assistance network; these operations are aimed at the provision of services for the transmission, distribution and broadcasting of audio and visual signals and programs in favor of Rai, which is the concessionaire of Italian public radio and television broadcasting services, and of its subsidiaries, as well as of third parties, and of telecommunications services of any kind;
- provision of wireless infrastructures and related services to wireless operators (including telephone operators, local loop wireless operators, TETRA, UMTS and other existing or future mobile technology operators), including the leasing of sites/antennas and co-lease services, built-to-suit services, network programming and design, site research and acquisition, site design and construction, site installation and commissioning, network optimization, infrastructure maintenance, network operation and maintenance and related microwave or fiber transmission services;

- research, consulting and training activities for people both inside and outside the Company, in the areas described in the two paragraphs above.

For a better understanding of these financial statements and for comparability of the figures with those of the previous year, it should be noted that the Parent Rai and the Company entered into new active and passive service agreements on 31 July 2014, with effect from 1 July 2014, which have led to significant accounting effects.

In particular, the following is a brief description of these agreements:

New service agreement with Rai

On 5 June 2000, the Company executed an "Agreement for the supply of transmission and broadcasting services" (hereafter the "2000-2014 Service Agreement") with Rai under which the Parent engaged it to provide services on an exclusive basis for the installation, maintenance and management of telecommunications networks and services for the transmission, distribution and broadcasting of signals and radio and television programs. In accordance with IAS 17 "Leases", the 2000-2014 Service Agreement contained an implicit finance lease related to the network infrastructure owned by Rai Way. Accordingly, in compliance with IAS 17, the 2000-2014 Service Agreement led the Company to recognize current and non-current financial receivables until 30 June 2014 at an amount equal to the present value of the minimum payments due from Rai for the leasing of the network infrastructure under a finance lease and the recognition of financial income calculated such as to reflect a constant periodic rate of return on the amount of outstanding receivables.

On 31 July 2014 Rai and Rai Way signed the New Service Agreement, with effect from 1 July 2014, replacing the 2000-2014 Service Agreement, under which Rai engages the Company to provide a set of services on an exclusive basis that enable Rai to carry out the following: (i) regular transmission and broadcasting in Italy and abroad through the MUX that were assigned to it on the basis of applicable regulation; and (ii) regularly fulfill public service obligations (reference should be made to the section on related party transactions for further details).

The New Service Agreement changes nothing from the standpoint of the legal ownership of the property rights to the Network, which continue to belong to Rai Way; there has though been a change in the way in which the relative effects are accounted for, as the New Service Agreement qualifies as an operating lease. More specifically, the New Service Agreement has led to the following consequences:

in the statement of financial position:

- the recognition of the Network assets in "Property, plant and equipment" and "Intangible assets"; the reclassification of items in "Inventory", under "Contract work in progress", to "Property, plant and equipment under construction and advances";
- the elimination, against the recognition of the above items of property, plant and equipment and intangible assets, of the financial receivables due to the Company by its Parent Rai resulting from the finance lease (ceasing with the 2000-2014 Service Agreement);
- the recognition of a dismantling and restoration provision calculated on the basis of the present value of the costs that the Company estimates it will have to incur in the future to restore the leased areas to their state and condition before the installation of the works built there;

and in the income statement:

- the recognition as "Revenues" of the component of the contractual fees which as part of the accounting treatment of the finance lease implicit in the 2000-2014 Service Agreement had been recognized as a deduction from the financial receivable due to the Company by the Parent Rai;
- the recognition from 1 July 2014 of systematic depreciation and amortization on the basis of the respective economic and technical useful lives of the "Property, plant and equipment" and "Intangible assets" stated above;
- the discontinuance of the practice of recognizing interest income on the receivables due from the Parent Rai as part of the finance lease accounting, as these receivables, as discussed above, are no longer recognized under the New Service Agreement.

In addition, starting 1 July 2014, the Company's revenues benefit from the higher tariffs provided in the New Service Agreement compared to those included in the previously applicable 2000-2014 Service Agreement.

New Passive Agreement and Lease Agreement

The New Passive Service Agreement relates to the provision of the following: the Personnel Administration Services, General Services, the ICT Service, the Administration and Treasury Service and the Research and Technological Innovation Service Center (reference should be made to the section on related parties for further details).

The annual flat rate fee for the above services was revised on negotiating the New Passive Service Agreement, enabling the Company to make a saving. At the same time as signing the New Passive Service Agreement, the Parent and Rai Way agreed to make an addition to the Lease Agreement which also includes the provision of the related services.
More specifically, as the result of that supplement, the total fee payable by the Company to the Parent for the period from 1 July 2014 to 30 June 2015 was revised downwards and a reduction in the fees payable for future periods was granted (reference should be made to the section on related parties for further details).

Summary of Accounting Principles

The main accounting principles and policies applied by the Company in preparing these financial statements are set out in the following.

Basis of Preparation

The financial statements have been prepared on a going concern basis, as the Directors have verified that there are no indicators of a financial, operational or other nature that may suggest critical issues connected with the Company's ability to meet its obligations in the foreseeable future, and in particular over the next 12 months. The means by which the Company manages financial risks is included in the section "Financial risk management".

The financial statements have been prepared and are presented in Euro, the currency of the prevalent economic environment in which the Company operates. All amounts stated in this document are expressed in thousands of Euro unless otherwise stated and the financial statements are expressed in Euro.

The following is a summary of the primary financial statements presented and the classification policies selected by the Company from the options available in IAS 1 *Presentation of Financial Statements*:

- statement of financial position prepared by classifying assets and liabilities on a "current/non-current" basis;
- an income statement prepared by classifying operating costs by their nature;
- a statement of comprehensive income which in addition to net profit for the year

includes other changes in the equity accounts arising from transactions not carried out with the Company's shareholders;

- a cash flow statement which has been prepared by presenting cash flows from operating activities using the "indirect method".

The Financial Statements have been prepared under the historical cost convention, other than for the measurement of financial assets and liabilities which are required to be measured at fair value.

Translation of transactions in a currency other than the functional currency

Transactions in a currency other than the Euro are translated at the exchange rate at the transaction date. Any foreign exchange gains or losses on the assets or liabilities in currency arising from the closing of the transaction or from translation at the balance sheet date are recognized in profit or loss under the items "Financial income" and "Financial expenses".

Accounting policies

Set out in the following is a brief description of the most significant accounting policies used in preparing the Financial Statements.

Property, plant and equipment

Property, plant and equipment is measured at purchase cost including all the directly attributable accessory costs required to make the asset ready for use. If the Company has the obligation to dismantle and remove assets and restore the sites at which it has operated to their original condition, the carrying amount of items of property, plant and equipment also includes the estimated costs, discounted as necessary, that it will incur on decommissioning the facilities, with a counter-entry being made to a specific provision. Any borrowing costs directly attributable to the acquisition, construction of production of property, plant and equipment are capitalized and depreciated over the useful life of the asset to which they refer.

Items of property, plant and equipment are depreciated systematically on a straight-line basis over an asset's economic and technical useful life, meaning the estimated period for which the Company believes the asset will be used, starting from the time it becomes available for use. If items of property, plant and equipment are made up of several significant components, depreciation is charged for each sep-

arate component. The depreciable amount consists of the carrying amount less any residual value, being the amount the Company expects to obtain on selling an asset at the end of its useful life, provided that this amount is significant and can be reasonably determined. Land is not depreciated even if acquired together with a building.
Costs incurred for routine and/or periodic maintenance and repairs are expensed as incurred. Expenditure on extending, modernizing or improving structural items owned or used by third parties are capitalized to the extent this responds to the requirements for being separately classified as an asset or part of an asset. Assets recognized as leasehold improvements are depreciated over the shorter of the contract term or the asset's specific useful life.
The indicative estimated useful lives of the different categories of property, plant and equipment are as follows:

Asset category	Useful life (years)
Buildings	10 – 17
Plant and machinery	4 – 12
Production and commercial equipment	5 – 7
Other assets	4 - 8

The useful lives of assets are reviewed and revised, where necessary, at least at the end of every year.

Intangible assets

Intangible assets are identifiable assets without physical substance that are controlled by the Company and able to produce future economic benefits. The requirement to be identifiable is generally met when the intangible asset arises from a legal or contractual right or can be sold or licensed separately or as part of other assets. Control consists in the Company's power to obtain the future economic benefits flowing from the asset together with the possibility of preventing or restricting the access of others to those benefits.
Intangible assets are recognized at cost, determined using the criteria stated for property, plant and equipment.
Intangible assets with a finite useful life are systematically amortized over their useful lives, meaning the estimated period during which they will be used by the Company.

The Company uses the same approach to determine the amortizable amount and the recoverability of the carrying amount described for "property, plant and equipment".

Impairment of tangible and intangible assets

At each reporting date, the Company performs an analysis to identify the existence of any indicators to suggest that property, plant and equipment and intangible assets may be impaired. The analysis performed considers both internal and external sources of information. Internal sources of information include the following factors: obsolescence or physical deterioration of the asset; any significant changes in the use of the asset, and the economic performance of the asset compared to expectations. External sources of information include: changes in the asset's market price; technological, market or regulatory discontinuity; changes in market interest rates or in the cost of capital used to evaluate investments.

If the presence of such indicators is identified an estimate is made of the recoverable amount of the assets, with any impairment loss compared to book value being recognized in profit or loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, with the latter being the present value of the future cash flows expected to be derived from the asset. In calculating value in use the expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money over the period of the investment and the risks specific to the asset. If an asset does not generate cash flows that are largely independent, the recoverable amount is determined for the cash-generating unit (CGU) to which that asset belongs, meaning the smallest identifiable group of assets that generates independent cash flows.

An impairment is recognized in the income statement when the book value of the asset or the relevant CGU to which it is allocated is higher than its recoverable value. Reductions in value of CGUs are recorded against the respective assets in proportion to their book value and within the limits of the recoverable value thereof. If the conditions for an impairment previously recognized no longer exist, the asset's book value is restored and recorded in the income statement, within the limits of the net accounting value that the asset would have had if the reduction had not been made and if the relevant amortization had been performed.

Cash and cash equivalents

Cash and cash equivalents consist of, cash, deposits on demand and financial assets with an original maturity date of up to 90 days, readily convertible into cash and subject to an immaterial risk of a change in value.

Inventory

Inventories of raw materials, ancillary materials and consumables, mostly technical materials, are measured at the lower of cost, determined on a weighted average cost basis, and market value at the balance sheet date. Stocks of raw materials, ancillary materials and consumables that can no longer be used in the production cycle are written down.

Work in progress, typically relating to the adaptation of the transmission and broadcasting network to the requirements of Rai under the "Agreement for the provision of transmission and broadcasting services" (hereafter the "2000-2014 Service Agreement") entered with Rai on 5 June 2000 and valid, in the version subsequently supplemented and amended on several occasions, until 30 June 2014 (reference should be made to General Information for this matter), are measured on the basis of the costs incurred in relation to the progress of the works, determined using the method of the cost incurred (cost-to-cost).

Trade receivables and other financial assets

Trade receivables and other financial assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Trade receivables and other financial assets are classified as current assets, other than those having a contractual settlement date of more than twelve months after the balance sheet date which are classified as non-current assets.
Impairment losses are recognized when there is objective evidence that the Company will not be able to recover the receivable due from the counterparty on the basis of the contractual terms.

The impairment loss is measured as being the difference between an asset's carrying amount and the present value of the estimated future cash flows and it is recognized in the income statement under the item "Amortization, depreciation and write-downs". If in subsequent periods the reasons that led to the previous recognition of an impairment loss no long hold, the loss is reversed up to the amount that would have been determined on the basis of amortized cost.

Finance leases

Under IAS 17 Leases a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership, regardless of whether the right to ownership is transferred to the lessee at the end of the lease term. A lease is therefore classified as a finance lease if it transfers to the lessee substantially all the risks and rewards typically associated with ownership of the asset.

More specifically, under IAS 17 a lease that has certain specific features must be classified as a finance lease and accounted for as if the lessor finances the acquisition of the asset, even though the legal ownership of the leased asset remains with the lessor. In further detail, under IAS 17 the lessor in a lease arrangement must recognize the following:

- a financial receivable in the balance sheet at an amount equal to the present value of the lease payments due by the lessee calculated to reflect a constant periodic rate of return, rather than the assets of which the lessor is formally the owner,
- the financial income in the income statement accruing over time on the financial receivables in comprehensive income.

Financial liabilities

Financial liabilities are initially recognized at fair value excluding any directly attributable accessory costs, and are subsequently measured at amortized cost using the effective interest rate method. If there is a change in the estimate of expected cash flows, the carrying amount of the liability is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the effective internal rate initially determined. Financial liabilities are classified as current liabilities, other than those having a contractual due date of more than twelve months after the balance sheet date where the Company has an unconditional right to defer settlement for at least twelve months after the balance sheet date, which are classified as non-current assets.

Financial liabilities are recognized at the trading date of the transaction and are derecognized when they are extinguished and when the Company has transferred all the risks and expenses relating to the instrument.

Employee benefits

Short-term benefits consist of wages, salaries, the related social charges, compensated annual leave and incentives in the form of bonuses payable within twelve months of the balance sheet date. These benefits are recognized as personnel costs in the period in which employees render the related service.

In defined benefit programs, which also include the severance pay due to employees pursuant to article 2120 of the Italian civil code (the "TFR"), the amount of the benefit to be paid to employees can only be determined after the completion of employment and is linked to several factors such as age, years of service and remuneration. The cost is accordingly recognized in the income statement on the basis of an actuarial calculation. The liability recognized for defined benefit plans corresponds to the present value of the obligation at the balance sheet date. Defined benefit plan obligations are calculated on an annual basis by an independent actuary using the projected unit credit method. The present value of a defined benefit plan is determined by discounting the future cash flows using an interest rate determined by reference to high quality corporate bonds issued in Euros, consistent with the term of the related plan. The actuarial gains and losses arising from these adjustments and changes in actuarial assumptions are recognized in comprehensive income.

From 1 January 2007 Italian legislation introduced significant changes to regulations for the TFR, including permitting an employee to choose the destination of the accruing entitlement. More specifically, from that date an employee is able to decide whether the new TFR flows should be transferred to a selected supplementary pension fund or retained within the company. In the case of transfer to an external pension fund, the Company usually pays over a defined contribution to the fund, and accordingly the portion of TFR accruing from 1 January 2007 has the nature of a defined contribution and is not subject to actuarial valuation.

Provisions for risks and charges

Provisions for risks and charges are recognized for losses and charges of a specific nature whose existence is certain or probable but for which the amount and/or date of occurrence cannot be determined. Provisions are only recognized when the Company has a present obligation, legal or constructive, arising from past events, for the future outflow of economic benefits and it is probable that that outflow will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expense required to settle the obligation.

Where the effect of the time value of money is material and the date of settling the obligation can be reliably estimated, the amount of the provision is the present value of the expected expense discounted using a rate that reflects market conditions, the time value of money and the risks specific to the liability. The increase in the carrying amount of a provision reflecting the change over time of the cost of money is recognized as financial expenses.

Risks for which the likelihood that a liability will arise is only possible are disclosed in the section of the notes on contingent liabilities and no provisions are recognized.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognized at fair value, excluding directly attributable accessory costs, and are subsequently measured at amortized cost using the effective interest rate method.

Recognition of revenues and income

Revenues are recognized at the fair value of the consideration received or receivable for the sale of goods and services in the normal course of the Company's operations. Revenues are recognized net of returns, discounts, rebates and bonuses and directly related taxes.

Revenues from sales and services are recognized when the significant risks and rewards typical of ownership have been effectively transferred or when services have been rendered.

Revenues arising from the partial rendering of services are recognized on the basis of the consideration accrued at the balance sheet date on condition that the stage of completion can be measured reliably and that there are no uncertainties as to the amount and existence of the revenue and the relative costs. If this is not the case revenues are only recognized to the extent that the expenses recognized are recoverable.

Financial income is recognized in the income statement in the year in which it accrues.

Recognition of costs

Costs are recognized in the income statement on an accrual basis. Financial expenses are recognized in the income statement in the year in which it accrues.

Government grants

Government grants are recognized in the financial statements when there is reasonable assurance that the Company will comply with all the conditions attaching to the receipt of the grants and that the grants will be received. Grants are recognized as income over the period necessary to match them with the related costs.

The accounting treatment of the benefits deriving from a loan obtained from public bodies at a subsidized interest rate is similar to that used for government grants. The benefit is calculated as the difference between the initial fair value of the loan, including the costs incurred to obtain the loan, and the amount actually received. This difference is initially recognized as a liability in the balance sheet and is subsequently released to the income statement over the term of the loan.

Taxation

Current taxes are determined on the basis of an estimate of taxable profit made in compliance with the fiscal legislation applicable to the Company.

Deferred tax assets and liabilities are recognized for all the differences between the carrying amount of an asset or liability and its tax base and are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. For the portion not offset by deferred tax liabilities, deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which they can be recovered.

Current taxes and deferred taxes are recognized under the item “Income tax” in the income statement, apart from taxes relating to items recognized in comprehensive income and those relating to items directly charged or credited to equity. In these latter cases, deferred taxes are recognized in comprehensive income and directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, the Company has a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis.
Other taxes that are not based on income, such as indirect taxes and duties, are recognized under the item “Other costs” in the income statement.

Together with Rai the Company has opted for domestic tax consolidation. The economic relationships, as well as the mutual responsibilities and obligations, between Rai and the other companies of the same group that opted to join the tax consolidation are defined in the “Agreement for the exercise of the option for the domestic consolidation in accordance with article 117 and following of the Consolidated Income Tax Act”, under which:

- subsidiaries that transfer a taxable profit to Rai also transfer the amounts required to settle the additional tax liability due as the result of their participation in the domestic consolidation;
- subsidiaries that transfer a taxable loss to Rai are compensated to the extent of the respective tax saving achieved by Rai when this saving is realized or could have been realized by the subsidiary transferring the loss.

Accordingly the related tax net of any advances paid, withholding tax and tax credits in general is recognized as a receivable from or payable to the Parent.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the Company's net profit by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the Company's net profit by the weighted average number of ordinary shares outstanding during the year. In order then to calculate diluted earnings per share the weighted average number of ordinary shares outstanding during the year is adjusted by assuming that all the holders of rights that potentially have a dilutive effect exercise those rights, while the Company's net profit is adjusted to take into account any effect, net of taxes, of exercising those rights.

Recently issued accounting standards

Accounting standards not yet applicable because not yet adopted by the European Union

The competent bodies of the European Union had not yet completed the process required to adopt the following standards and amendments at the balance sheet date:

- On 30 January 2014 the IASB issued IFRS 14 *Regulatory Deferral Accounts*, an interim standard relating to the Rate-regulated activities project. Falling within the scope of this standard are First-time Adopters who on the basis of the requirements of the standard are permitted to continue measuring the amounts relating to Rate-regulated activities in accordance with their previous accounting standards. To improve comparability with entities that already apply IFRSs, the standard requires that the effect arising from this accounting treatment must be presented separately from the other items.
- On 6 May 2014 the IASB issued *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)* with the aim of clarifying the accounting treatment for acquisitions of interests in a joint operation that is a business.

- On 12 May 2014 the IASB issued *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)* with the aim of clarifying that a method of depreciation or amortization based on revenues (the revenue-based method) is not considered suitable as it solely reflects the flow of revenues generated by that asset and not instead the way in which the economic benefits incorporated in that asset are consumed. In accordance with the IASB's requirements, the provisions of this document are effective for years beginning on or after 1 January 2016, apart from any subsequent deferral that may be determined by the European Commission on adoption.
- On 28 May 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers* which provides a single model for recognizing revenues based on the transfer of the control of goods or services to a customer. The new standards marks a significant change to the present requirements of international accounting standards. It provides a more structured approach to the recognition and measurement of revenues and provides detailed application guidance. In accordance with the IASB's requirements, the provisions of IFRS 15 are effective for years beginning on or after 1 January 2017, apart from any subsequent deferral that may be determined by the European Commission on adoption.
- On 24 July 2014 the IASB issued IFRS 9 *Financial Instruments* together with the relative Basis for Conclusions and Implementation Guidance to replace all the previously issued versions of the standard. The new standard: (i) simplifies the classification of financial instruments, with this now to be based on the features of the instrument and an entity's business model; in addition, the requirement to separate embedded derivatives is eliminated; (ii) introduces a new impairment model that uses forward looking information in order to obtain early recognition of credit losses compared to the incurred loss model that deferred the recognition of credit losses to the manifestation of a loss event; (iii) introduces a substantial revision of the way in which hedging transactions are accounted for, with the aim of ensuring that hedging transactions are aligned to an entity's risk management strategies and take a more principles-based approach. The requirements in these documents, which replace those contained in IAS 39 *Financial Instruments: Recognition and Measurement*, are effective for years beginning on or after 1 January 2018, apart from any subsequent deferral that may be determined by the European Commission on adoption.

- On 12 August 2014 the IASB issued *Equity Method in Separate Financial Statements* which will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements in addition to accounting for them at cost or in accordance with IAS 39 as previously required. The accounting treatment chosen must by applied consistently for each equity investment category.
- On 11 September 2014 the IASB issued *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*. The amendments that are introduced have the aim of providing a more detailed clarification of the accounting treatment of gains and losses deriving from transactions with joint ventures or associates accounted for using the equity method, and in particular with reference to: (i) the loss of control of a subsidiary (governed by IFRS 10) and (ii) downstream transactions (governed by IAS 28). The accounting treatment to be adopted in the investor's financial statements depends on whether the asset being sold is (or is not) a business as defined by IFRS 3. In fact the amendments specify that (i) the gains (or losses) arising on the remeasurement to fair value of the investment held in a previous subsidiary that does not constitute a business, that is a joint venture or an associate (accounted for using the equity method), shall be recognized in the investor's financial statements solely for the portion held by third party investors in that joint venture or associate; (ii) the gains (or losses) arising from downstream transactions relating to assets that do not constitute a business between an entity and its joint ventures and associates must be recognized in the entity's financial statements in full (IAS 28).
- On 25 September 2014 the IASB issued *Annual Improvements to IFRSs 2012–2014 Cycle*, which: (i) for IFRS 5 clarifies that if an asset (or disposal group) is reclassified from held for sale to held for distribution to owners (or vice versa) this should not be considered to be a new plan of disposal but rather a continuation of the original plan; (ii) for IFRS 7 provides additional guidance in determining whether servicing contracts constitute continuing involvement in a transferred asset for the purposes of applying the standard's disclosure requirements; again with reference to IFRS 7 the document additionally clarifies that the standard's disclosure requirements on offsetting financial assets and financial liabilities are not applicable to financial statements prepared for interim periods; (iii) for IAS 19 clarifies that for discounting obligations using market rates on high

quality corporate bonds, the assessment of the rate must based on the currency in which the obligation is denominated rather than the country where the obligation is located; (iv) for IAS 34 clarifies the meaning of "information not disclosed elsewhere in the interim financial report", specifying that this information must be available to users on the same terms and at the same time.

- On 18 December 2014 the IASB issued *Disclosure Initiative - Amendments to IAS 1* which includes a series of clarifications regarding materiality, the combination of items, the structure of the notes, disclosures on the accounting policies adopted and the presentation of other items of comprehensive income deriving from accounting for investments using the equity method.
- On 18 December 2014 the IASB issued *Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28*, which clarifies the issues that have emerged concerning the exemption from preparing consolidated financial statements for investment entities.

Rai Way is analyzing the above standards, although does not expect them to have a significant effect on its financial statements.

Accounting standards, amendments and interpretations not yet adopted by the Company for which early application is permitted

The competent bodies of the European Union had approved the adoption of the following standards and amendments at the balance sheet date, although these have not yet been adopted by the Company:

- By way of Regulation (EC) no. 2015/28 issued on 17 December 2014 the European Commission adopted the amendments to international accounting standards included in *Annual Improvements to IFRSs - 2010–2012 Cycle*. The adoption of this document led to amendments to the following accounting standards: (i) IFRS 2, clarifying the definition of "vesting condition" and introducing definitions of performance condition and service condition; (ii) IFRS 3, clarifying that the obligation to pay contingent consideration in a business acquisition that is not classified as an equity instrument is measured at fair value through the income statement at each balance sheet date; (iii) IFRS 8, requiring disclosures to be provided of the assessments made by management in combining operating segments, describing the segments that have been combined and the economic indicators that have been assessed to determine whether the combined segments have similar economic characteristics; (iv) IAS 16 and IAS 38, clarifying the way in which the gross carrying amount of assets should be calculated in the case of a revaluation following the application of the revaluation model; (v) IAS 24, establishing the disclosures to be provided when a third party entity provides key management personnel services to the entity preparing the financial statements. These amendments are effective for years beginning on or after 1 February 2015.

- By way of Regulation (EC) no. 1361/2014 issued on 18 December 2014 the European Commission adopted the amendments to international accounting standards included in *Annual Improvements to IFRSs - 2011–2013 Cycle*. The adoption of this document lead to amendments to the following accounting standards: (i) IFRS 3, clarifying that the standard is not applicable for recognizing the accounting effects of the formation of a joint venture or joint operation (as defined by IFRS 11) in the financial statements of the joint venture or joint operation; (ii) IFRS 13, clarifying that the provision of that standard by which it is possible to measure the fair value of a group of financial assets and liabilities on a net basis is applicable to all contracts (including non-financial contracts) falling within the scope of IAS 39 or IFRS 9; (iii) IFRS 40, clarifying that to determine whether the purchase of an investment property is a business combination reference should be made to IFRS 3. These amendments are effective for years beginning on or after 1 January 2015.
- By way of Regulation (EC) no. 2015/29 issued on 17 December 2014 the European Commission adopted the amendments to IAS 19 included in *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)*. These amendments permit an entity to account for the contributions made by employees or third parties that are independent of the number of years of service as a reduction in the current service cost of the period instead of allocating these contributions over the period in which the service is rendered. These amendments are effective for years beginning on or after 1 February 2015.

Rai Way is analyzing the above standards, although does not expect them to have a significant effect on its financial statements.

Segment Information

IFRS 8 *Operating Segments* defines an "operating segment" as a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the entity's chief operating decision maker, which for Rai Way is the Board of Directors, to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. The Company has identified only one operating segment, for which information on operations is prepared and made available to the Board of Directors on a periodic basis for the above-mentioned purposes, considering the business conducted by Rai Way as a single group of activities; accordingly no disclosures by operating segment are provided in the financial statements. Disclosures on the services rendered by the Company, the geographical area in which it carries out its activities (which almost entirely corresponds to the state of Italy) and its main customers are provided in the notes to these financial statements, to which reference should therefore be made.

Transactions between Rai and Rai Way

The incorporation of the Company and the completion of the transfer by the Parent Rai of the business unit headed by the Transmission and Broadcasting Division are part of a much broader streamlining project being carried out by the Rai Group which resulted in the formation of a number of subsidiaries tasked with handling specific business sectors ancillary to the Public Service for broadcasting radio and television programs previously performed by Rai. Under this transfer, which took place on 1 March 2000, the Company became the owner of the business unit tasked with performing the planning, design, installation, construction, operation, management, maintenance, implementation and development of the systems, of the stations, of the connections and in general of the network for transmitting and broadcasting Rai's voice, video and data signals. The ownership of the equipment needed for Rai's television and radio transmission and broadcasting was therefore transferred to the Company, in addition to the employment relationships with approximately 600 engineers and technicians specialized in the transmission and broadcasting of radio and television signals.

On 5 June 2000, Rai and the Company executed the 2000-2014 Service Agreement under which the latter engaged the Company to provide services on

an exclusive basis for the installation, maintenance and operation of telecommunications networks and the performance of services for the transmission, distribution and broadcasting of radio and television signals and programs. The 2000-2014 Service Agreement remained effective until 30 June 2014.
On 31 July 2014 Rai and Rai Way executed the New Service Agreement, effective 1 July 2014, replacing the 2000-2014 Service Agreement, under which Rai engages the Company on an exclusive basis to provide a set of services that enable Rai to carry out the following: (i) regular transmission and broadcasting in Italy and abroad through the MUX that were assigned to it on the basis of applicable regulation; and (ii) regularly fulfill public service obligations the regular discharge of its Public Service obligations.
Reference should be made to the section on related party transactions for further details about transactions between Rai and Rai Way and to the section on subsequent events where an update on these transactions is provided.

Financial Risk Management

The financial risks to which the Company is exposed are managed in accordance with the approach and procedures included in a specific policy approved by Rai Way's Board of Directors, which is directed at risk minimization in order to maintain the value of the Company.

The main risks identified by the Company are as follows:

- market risk, deriving from exposure to fluctuations in rates;
- credit risk, deriving from the possibility that one or more counterparties may be insolvent;
- liquidity risk, deriving from the Company's inability to obtain the financial resources necessary to fulfill short-term financial commitments;
- capital risk, deriving from the Company's ability to continue ensuring capital soundness.

Market risk

Market risk consists of the possibility that changes in interest and exchange rates, or the rating of the counterparties with whom liquidity is deposited, may negatively affect the value of assets, liabilities or expected cash flows.

The Company has adopted its own specific financial policy, whose features are described in the following and whose aim is to minimize risk and maintain the value of the business.

Interest rate risk

The policy requires that interest rate risk, which derives from possible fluctuations in the interest rates applicable to the long-term loans granted to the Company (for significant amounts), be managed through the use of the hedging instruments available on the market such as IRSs, options, etc., with pre-set minimum cover percentages. Applying an increase of 50 bps and a decrease of 10 bps to the financial balances at 31 December that are exposed to interest rate risk, a respective economic effect of a – 0.3 and + 0.1 million Euros is obtained.

Exchange rate risk

The Company's operations in currencies other than the Euro are extremely limited and accordingly its exposure to exchange rate risk does not lead to significant effects on its financial position, results from operations or cash flows.

The Company nevertheless monitors its exposure in currency to be ready to take the initiatives deemed necessary by its policy to manage any significant risk positions (over Eur 2.5 million) which may emerge from a changed exposure to the exchange rate risk. In these cases the policy requires a gradual hedging approach to be taken by means similar to those envisaged for interest rate risk described above.

Risks connected with the investment of liquidity

For risks connected with the investment of liquidity, in the case of temporary excesses of cash the business policy requires the Company to use low risk market-based financial instruments with counterparties having a high rating or with the Parent. Only deposits on demand were used in 2014.

Credit risk

The Company's main customer is its Parent Rai, which generated revenues of Eur 132,087 thousand (approximately 79% of total revenues) and Eur 82,041 thousand (approximately 69% of total revenues) in the years ended 31 December 2014 and 2013 respectively. The Company's other customers are mainly entities of the public administration, the security forces and the leading telephone operators and broadcasting companies with which the Company enters multi-year service agreements. The Company is therefore exposed to the risk of concentration of revenues and credit deriving from the possibility that its trade counterparties will be unable to fulfill their obligations, both for business and financial reasons, such as business instability, the inability to collect the necessary capital for the performance of their activity, or related to the general trend towards the reduction in operating costs, both for technical-commercial nature reasons and legal reasons connected with the performance of the services by the Company, such as complaints relating to the services provided, or the customers' inclusion in bankruptcy proceedings, that make it more difficult or impossible to recover the receivables.

A breach by one of the Company's trade counterparties to fulfil its obligations may result in negative effects on its results of operations, financial position and cash flows. With regard to counterparty risk, formalized procedures for assessing trade partners have been adopted for credit management purposes. The assessment is carried out with two week periodicity on overdue items and may lead to formal notice of default being served on the parties involved. The lists of overdue items analyzed are sorted by amount and by customer in order to highlight the items requiring greater attention. The Company sends informal payment claim notices to debtors owing amounts relating to overdue items. If this activity does not remedy the situation, after formally placing the debtors in default, the Company assesses the possibility of filing for an injunction.

The following table provides an ageing of trade receivables at 31 December 2014 and 2013, with figures stated net of the provision for bad and doubtful debts.

31 December	2014	2013
(in euro)		
Not yet due	58,357	46,357
Overdue by 0-30 days	54	7
Overdue by 31-60 days	428	440
Overdue by 61-90 days	21	-
Overdue by more than 90 days	5,542	3,626
Total	**64,402**	**50,430**

All trade receivables are due within 12 months.

Liquidity risk

Liquidity risk is the inability for the Company to obtain the funding it requires to meet its operational requirements for investments, working capital and debt servicing. Rai Way believes that cash flows from operating activities and its outstanding loans (see the section on "Current and non-current financial assets and liabilities") are amply sufficient to meet its needs. At 31 December 2014 these loans had been used to the extent of 50% of the maximum facility and the covenants included in the loan agreements had been amply satisfied.

The following tables set out the expected cash flows for future years arising from the Company's outstanding financial liabilities at 31 December 2014 and 2013.

31 December 2014	Carryng amount	Within 12 months	Between 1 and 5 years	Over 5 years
(in euro thousands)				
Non-current financial liabilities	80,573	–	80,145	428
Trade payables	35,951	35,951	–	–
Current financial liabilities	295	295	–	–

31 December 2013	Carryng amount	Within 12 months	Between 1 and 5 years	Over 5 years
(in euro thousands)				
Non-current financial liabilities	1,197	–	769	428
Trade payable	82,964	82,964	–	–
Current financial liabilities	57,382	57,382	–	–

Capital risk

The Company's capital management objectives aim at safeguarding its ability to continue to ensure optimal capital soundness. In particular, the ratio between the Company's financial debt and equity was 0.52 and 0.41 at 31 December 2014 and 2013 respectively; the increase is due to a rise in financial debt partially offset by an increase in equity.

The fair value of trade receivables and other financial assets, trade payables and other payables and other financial liabilities, recognized as "current" in the balance sheet and measured using the amortized cost method, does not differ from the carrying amounts of these items at 31 December 2014, as they mainly relate to assets arising from commercial transactions for which settlement is expected in the short term.

Non-current financial assets and liabilities are regulated or valued at market rates and their fair value is considered to be broadly in line with their present carrying amounts.

Estimates and assumptions

LThe preparation of financial statements requires the directors to apply accounting principles and methods which, in certain circumstances, depend upon difficult and subjective measurements and estimates based on historical experience and assumptions that at the time are considered reasonable and realistic with respect to the relative circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, the statement of financial position, the income statement, the statement of comprehensive income and the cash flow statement and the disclosures. The final results of the items in the financial statements for which the above estimates and assumptions have been made could differ from those recorded in the financial statements, as these recognize the effects of the event estimated, due to the uncertainty inherent in the assumptions and conditions on which the estimates are based.

The following paragraphs provide a brief description of the areas which require greater subjectivity to be used by the directors in arriving at their estimates and for which a change in the conditions underlying the assumptions could have a significant effect on the reported figures.

Contingent liabilities

A liability is recognized for risks arising from disputes and litigation when an outflow of funds is considered probable and the amount can be reliably estimated. If an outflow of funds is considered possible but the amount of that outflow cannot be determined, this fact is disclosed in the notes to the financial statements. The Company is the defendant in legal cases (of an administrative and fiscal nature and relating to labor law) on a variety of issues. The Company constantly monitors the status of this pending litigation and engages the services of legal advisors. The related provision is accordingly based on the directors' best estimate at the date of preparation of the financial statements.

Revenues

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Revenues from the Rai Service Agreement	132,087	82,041
Revenues from other services	63	-
Revenues from third parties	35,114	36,301
- Systems and equipment hosting fees	32,928	33,348
- Other	2,186	2,953
Total revenues	**167,264**	**118,342**

L"Revenues" consists of revenues relating to the year arising from the provision of services forming part of the Company's ordinary operations.

Total revenues rose by Eur 48,922 thousand from Eur 118,342 thousand in 2013 to Eur 167,264 thousand in 2014, an increase of 41.3%.

"Revenues from the Rai Service Agreement" amounted to Eur 132,087 thousand or 79.0% of total revenues for the year ended 31 December 2014 (Eur 82,041 thousand or 69.3% of total revenues for the year ended 31 December 2013). This increase is mainly due to the fact that this item consisted of revenues earned under the 2000-2014 Service Agreement with Rai until 30 June 2014 and those earned under the New Service Agreement from 1 July 2014 onwards.

These revenues rose by Eur 50,046 thousand (+61.0%). The new agreement contains additional contractual clauses that require it to be classified as an operating lease. This in turn leads to a different accounting treatment under IAS 17 which determined this increase (further details may be found in the section "Significant events").
"Revenues from third parties" consist mainly of service revenues relating to (i) tower rental, (ii) broadcasting, (iii) transmission and (iv) network services which the Company renders to third party customers other than Rai. There was a decrease of Eur 1,187 thousand in these revenues (–3.3%) mainly due to action taken by telecommunications operators to optimize existing resources and decommission a number of stations, and the expiry of an agreement for the provision of satellite broadcasting services agreement.

Other revenues and income

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Other income	684	178
Release of provisions	2,908	1,605
Grant income	129	684
Reimbursements and refund of expenses	183	20
Total other revenues and income	**3,904**	**2,487**

Other revenues and income increased by Eur 1,417 thousand (+57.0%) from Eur 2,487 thousand in the previous year to Eur 3,904 thousand in 2014. This is mainly due to the increase in the item "Release of provisions" which consists of the release to income of various provisions for risks and charges accrued by the Company in previous years.
"Grant income" for the year ended 31 December 2014 decreased by Eur 555 thousand over the previous year. This item consists mainly of the amounts pertaining to the year of the capital grants obtained by the Company following its participation in the 11th and 31st calls for tender pursuant to Law no. 488/92 for various investment activities. The decrease mainly arises due to the completion of the depreciation period for the assets funded by this grant.

Purchase of consumables

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Purchase of fuel	756	790
Purchase of combustibles	191	284
Miscellaneous tools	644	622
Technical material stocks	115	216
Change in inventory	(4)	(50)
Total purchase of consumables	**1,702**	**1,862**

"Purchase of consumables" decreased by Eur 160 thousand (–8.6%) from Eur 1,862 thousand in the previous year to Eur 1,702 thousand in 2014. This item mainly consists of the costs incurred for purchasing technical materials for the warehouse and consumables (technical materials, fuel for transportation vehicles and fuel for electricity generating groups and heating). More specifically the decrease in these costs principally reflects a decrease in fuel costs linked to the two-year cycle followed for the procurement of power generator fuel.

Cost of services

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Lease and rental	14,561	11,345
Other services	3,074	2,373
Compensation to directors and statutory auditors	812	939
Consulting services	1,439	681
Maintenance and repairs	5,961	6,267
Intercompany service agreement	14,462	15,911
Travel expenses	1,730	1,729
Utilities	15,712	15,954
Total costs of services	**57,751**	**55,199**

"Costs for services" increased by Eur 2,552 thousand (4.6%) from Eur 55,199 thousand in the previous year to Eur 57,751 thousand in 2014. Set out below are the main changes in the above cost items and a description of the principal factors that led to these:

- "Leases and rentals" consist mainly of the cost of renting buildings, hiring plant and equipment and hiring transmission circuits. In 2013 this item was affected by the reversal of costs accrued in prior years;
- "Other services" consist mainly of training, services for personnel, computer services provided by third parties and services provided for third party assets. This item amounted to Eur 3,074 thousand in 2014, representing an increase of Eur 701 thousand. In 2013 the item was affected by the reversal of costs accrued in prior years;
- "Consulting services", amounting to Eur 1,439 thousand in 2014, mainly consist of the costs for the IPO and the fees relating to the year for the legal audit of the annual accounts and other attestation services amounting to Eur 147 thousand (pursuant to article 149-duodecies of the CONSOB Issuers' Regulations);
- "Intercompany service agreement" costs arise from the services provided by the Parent; there was a decrease of Eur 1,449 thousand between 2013 and 2014 due to the renegotiation of the agreements effective 1 July 2014;
- "Utilities" amounted to Eur 15,712 thousand in 2014 and mostly consist of electricity costs, telephone expenses, cleaning expenses and sundry items. The decrease of Eur 242 thousand over 2013 is mainly due to adjustments made to previous accruals.

Information pursuant to article 148-duodecis of the CONSOB Issuers' Regulations

		Fees for 2014
(in euro thousands)		
Type of engagement		
Legal audit of the accounts	PricewaterhouseCoopers S.p.A.	126
Attestation services	PricewaterhouseCoopers S.p.A.	21
Total costs of services		**147**

Personnel costs

This item may be analyzed as follows:

Year ended 31 Dcember	2014	2013
(in euro thousands)		
Wages and salaries	32,518	36,891
Social security costs	9,575	9,629
Employee severance pay	2,197	2,064
Pensions and similar obligations	891	912
Other costs	263	209
Total personnel costs	**45,444**	**49,705**

"Personnel costs" decreased by Eur 4,261 thousand (–8.6%) from Eur 49,705 thousand in the previous year to Eur 45,444 thousand in 2014.
This decrease is mainly due to the fact that costs of Eur 3,558 thousand were incurred for personnel redundancies in 2013, and not in 2014, and to the increase of Eur 908 thousand in capitalized personnel costs from Eur 924 thousand in 2013 to Eur 1,832 thousand in 2014.

Further details of the effects on income arising from the accounting treatment for employee benefits may be found in the note "Employee benefits".

The following table sets out the average number of the Company's employees during the year and the number at year end:

(Numbers)	Average number of employees for the year ended 31 December 2014	31 December 2013	End of period number of employees for the year ended 31 December 2014	31 December 2013
Executives	14	14	14	14
Middle managers	118	121	132	118
Office workers	459	470	458	461
Manual workers	35	39	34	35
Total	**626**	**644**	**638**	**628**

The Company's average workforce fell by 2.8% from 644 in 2013 to 626 in 2014, in line with the reorganization process taking place.

Other costs

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Taxes on production and consumption	1,085	1,030
ICI/IMU/TASI	1,322	1,260
Other indirect taxes, duties and other taxes	410	385
Other costs	530	340
Total other costs	**3,347**	**3,015**

"Other costs" increased by Eur 332 thousand (+11.0%) from Eur 3,015 thousand in the previous year to Eur 3,347 thousand in 2014, mainly due to the fee paid to the communications authority AgCom.

Amortization, depreciation and write-downs

"Amortization and depreciation" forming part of "Amortization, depreciation and write-downs" amounted to Eur 25,149 thousand in the year ended 31 December 2014 (Eur 161 thousand in the year ended 31 December 2013). The increase of Eur 24,988 thousand is mainly due to the different treatment used to account for the Rai service agreement that was in force until 30 June 2014; under IAS 17 this had been accounted for as a finance lease (further details may be found in the section "Significant events").

"Write-downs" forming part of "Amortization, depreciation and write-downs", amounting to Eur 350 thousand in the year ended 31 December 2014 and Eur 1,300 thousand in the year ended 31 December 2013, consist of the allocation charged to the provision for bad and doubtful debts.

Allocations

"Allocations" decreased by Eur 775 thousand from Eur 1,185 thousand in the previous year to Eur 410 thousand in 2014. More specifically, allocations of Eur 350 thousand were made in 2014 as additions to the "lease provision".

Financial income and expenses

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Interest incom for finance lease agreements	3,903	9,545
Foreign exchange gains	2	16
Other interest income	166	55
Total Financial income	**4,071**	**9,616**
Interest expense payable to Parent Company	(1,230)	(2,240)
Interest on the employee benefit liability	(499)	(497)
Foreign exchange losses	(11)	(30)
Interest on loan	(151)	(29)
Interest payable - contributions on preferential loan	15	17
Other interest expenses	(194)	(166)
Total financial expenses	**(2,070)**	**(2,945)**
Totale Proventi finanziari netti	**2,001**	**6,670**

"Interest income for finance lease agreements", which amounted to Eur 3,903 thousand in the year ended 31 December 2014 (Eur 9,545 thousand in the year ended 31 December 2013), consists of the income accruing on the loan granted to Rai as part of the finance lease implicit in the 2000-2014 service agreement. Further details may be found in the revenues and related party transactions paragraphs of the accounting policies section.

"Interest expense payable to Parent Company" refers to the financial expenses of Eur 1,230 thousand for the period from 1 January to 18 November 2014 (Eur 2,240 thousand in 2013) accruing in relation to the Company's use of its intercompany current account with Rai. Further details may be found in the related party transactions paragraph.

Income tax

This item may be analyzed as follows:

Year ended 31 December	2014	2013
(in euro thousands)		
Current taxes	14,010	6,700
Deferred taxes	350	355
Taxes pertaining to previous years	12	(436)
Total	**14,372**	**6,619**

"Current taxes" amounted to Eur 14,010 thousand in 2014 representing an increase of Eur 7,310 thousand over 2013. This item regards IRES corporate income tax for Eur 11,050 thousand and IRAP regional production tax of Eur 2,960 thousand.
Deferred tax expense (being the net of deferred tax assets and deferred tax liabilities) amounted to Eur 350 thousand in 2014, a slight decrease of Eur 355 thousand over 2013, and may be analyzed as follows:

- deferred tax assets: Eur 1,529 thousand;
- deferred tax liabilities: Eur (1,179) thousand.

The following table provides a reconciliation between the theoretical tax charge and the effective tax charge for the years ended 31 December 2014 and 2013.

Year ended 31 December	2014		2013	
(in euro thousands)				
Profit before income taxes	39,018		15,073	
Theoretical tax charge	10,730	27.5%	4,145	27.5%
Taxes pertaining to previous years	12		(436)	
Permanent differences	670		300	
IRAP	2,960		2,610	
Total	**14,372**	**36.8%**	**6,619**	**43.9%**

Property, plant and equipment

This item and changes during the year may be analyzed as follows:

(in euro thousands)	Land	Buildings	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total property, plant and equipment
1 January 2014							
Cost at 1 January 2014	-	999				56	1,055
Accumulated depreciation at 1 January 2014	-	(745)				-	(745)
Net book value at 1 January 2014	-	254	-	-	-	56	310
Changes in 2014							
On entering the new service contract							
Cost	11,742	89,557	657,040	22,777	925	21,114	803,155
Accumulated depreciation		(54,524)	(472,497)	(18,852)	(745)		(546,618)
Impairment			(2,700)				(2,700)
Net book value at 1 July 2014	11,742	35,033	181,843	3,925	180	21,114	253,837
Investments	16	1,080	6,716	759	12	5,485	14,068
Depreciation chrge for the year	-	(2,905)	(21,687)	(802)	(36)	-	(25,430)
Impairment	-	(44)	612				568
Disposals							
Cost	(4)	(90)	(2,521)	(89)	0	(2)	(2,706)
Accumulated depreciation		45	2,346	88	-		2,479
Net book value	(4)	(45)	(175)	(1)	-	(2)	(227)
Reclassifications	-	1,062	9,536	131	-	(10,729)	-
31 December 2014							
Cost at 31 December 2014	11,754	92,608	670,771	23,578	937	15,924	815,572
Accumulated depreciation at 31 December 2014	-	(58,129)	(491,838)	(19,566)	(781)	-	(570,314)
Impairment at 31 December 2014	-	(44)	(2,088)	-	-	-	(2,132)
Net book value at 31 December 2014	11,754	34,435	176,845	4,012	156	15,924	243,126

"Property, plant and equipment" at 31 December 2013 and until 30 June 2014 consisted of the costs capitalized for leasehold improvements. As described in detail in the section on related parties, Rai Way entered the New Service Agreement with Rai on 31 July 2014, effective 1 July 2014, which replaces the 2000-2014 Service Agreement. Signing the New Service Agreement did not change anything from a legal standpoint in terms of the ownership of the property rights to the network infrastructure, which remains with Rai Way; nevertheless the change in this agreement has led to a change in the accounting treatment of the relative effects. More specifically, the New Service Agreement is classified as an operating lease under IAS 17 and this has accordingly led to the recognition in these financial statements of the tangible and intangible assets making up Rai Way's network infrastructure and the relative systematic depreciation and amortization charges for the period from 1 July 2014 to 31 December 2014. At the same time as recognizing the above acquisition, the Company has also recognized in "buildings" the present value of the estimated costs it expects to incur in the future to restore the areas, acquired under the operating lease, to their original state prior to the construction of the infrastructure built thereon.

"Property, plant and equipment" includes the costs that may be capitalized as leasehold improvements.

Intangible assets

This item consists of expenditure on software and movements for the year may be analyzed as follows:

(in euro thousands)	Software	Intangible assets in progress and advances	Total intangible assets
Book value at 1 January 2014			
Cost at January 2014	-	-	-
Accumulated amortization at January 2014	-	-	-
Net book value at January 2014	-	-	-
Changes 2014			
On entering the new service contract			
Cost	589	222	811
Accumulated amortization	(359)		(359)
Impairment			-
Net book value at 1 July 2014	230	222	452
Investments	441	25	466
Amortization charge for the year	(287)		(287)
Disposals			-
Cost			-
Accumulated amortization			-
Net book value	-	-	-
Reclassifications	107	-	107

31 December 2014			
Cost at 31 December 2014	1,137	140	1,277
Accumulated depreciation at 31 December 2014	(646)	-	(646)
Impairment at 31 December	-	-	-
Net book value at 31 December	491	140	631

There are no intangible assets with an indefinite useful life.

Current and non-current financial assets and liabilities

The following table sets out details of "Current financial assets" and "Non-current financial assets" at 31 December 2014 and 2013:

	31 December 2014	31 December 2013
(in euro thousands)		
Financial receivables for the lease with the Parent Company	-	249,961
Receivables from Parent Company	365	-
Other financial receivables	311	-
Total current financial assets	**676**	**249,961**
Guarantee deposits given	341	202
Prepayments and accrued incomne	237	
Total non-current financial assets	**578**	**202**

"Financial receivables for the lease with the Parent Company", a nil balance at 31 December 2014 and a balance of Eur 249,961 thousand at 31 December 2013, relate to the receivables accruing on the financing given to Rai as part of the finance lease implicit in the previously effective 2000-2014 Service Agreement further details may be found in the revenues and related party transactions paragraphs of the accounting policies section.

The following table provides a reconciliation between the gross investment in the lease and the present value of the minimum lease payments as of 31 December 2013, all due within one year. There were no longer any effects of this nature at 31 December 2014 as the 2000-2014 Service Agreement, to which the lease is linked, was only in force until 30 June 2014.

	31 December 2014	31 December 2013
(in euro thousands)		
Gross current financial receivables for the 2000-2014 Service Agreement	-	257,767
Financial income not yet matured	-	(7,806)
Current financial receivables for the lease agreement with RAI	-	249,961

"Receivables from the Parent Company" amounting to Eur 365 thousand (31 December 2013: Eur nil) represent the balance with the Parent Company on the intercompany current account for dealing with a number of residual payments.

The following table sets out details of "Current financial liabilities" and "Non-current financial liabilities" at 31 December 2014 and 2013:

31 December 2013	Within 12 months	Between 1 and 5 years	Over 5 years	Total
(in euro thousands)				
Payables to RAI	57,241	-	-	57,241
Payables to banks	66	387	234	687
Payables to other lenders	75	382	194	651
Total	**57,382**	**769**	**428**	**58,579**

31 December 2013	Within 12 months	Between 1 and 5 years	Over 5 years	Total
(in euro thousands)				
Payables to RAI				-
Payables to banks	219	79,838	234	80,291
Payables to other lenders	76	307	194	577
Total	**295**	**80,145**	**428**	**80,868**

Further details of the nature of the items "Payable to Rai" can be found in the sections "Financial income and expenses" and "Related parties".

"Payable to banks" mainly consist of the outstanding balance on a loan granted under an agreement with Mediobanca, BNP Paribas S.A., Intesa Sanpaolo S.p.A. and UBI Banca Società Cooperativa per Azioni. Under this agreement a medium-term loan was granted to the Company divided into two credit facilities, both to be used though cash draw-downs and both having a maturity of 30 September 2019.

More specifically:

- a term credit facility of up to Eur 120 million (of which approximately Eur 80 million has been drawn down);
- a revolving credit facility of up to Eur 50 million.

The New Loan Agreement contains a series of general requirements and covenants having both positive and negative content, for which the Company is responsible, and events of default in line with market practice for loans of a similar amount and nature, but does not however include restrictions or limitations on the distribution of dividends by the Company.

The covenants include a commitment to comply with the following parameters, compliance with which must be checked on a six-monthly basis starting from the present financial statements:

- Net financial position/net equity, which must be less than or equal to 2.75; and
- Net financial position/EBITDA, which must be less than or equal to 2.75.

"Payabels to banks" also includes the balance outstanding at 31 December 2014 of the ordinary loan granted by Mediocredito Centrale in connection with the investments financed by Law no. 488/92 – 31st call for tender which is repayable in six-monthly instalments and bears interest at an annual floating rate determined as the sum of the six-month Euribor rate plus an annual spread of 0.70%.

"Payabels to other lenders" consists mainly of the balance outstanding at 31 December 2013 and 2014 of the subsidized loan granted by Cassa Depositi e Prestiti S.p.A. which is repayable in six-monthly instalments and bears interest at a subsidized rate of 0.50%.

The following table sets out the Company's net financial position, determined in accordance with paragraph 127 of ESMA document no. 81 of 2011 implementing Regulation (EC) no. 809/2004.

(in euro thousands)	31 December 2014	31 December 2013
A. Cash	-	-
B. Cheques and bank and post office deposits	14,658	-
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	14,658	-
E. Current financial receivables	**676**	**249,961**
F. Current bank debt	(219)	(66)
G. Current portion of non-current debt	-	-
H. Other current financial payables	(76)	(57,316)
I. Current debt (F) + (G) + (H)	(295)	(57,382)
J. Net current debt (I) - (E) - (D)	**15,039**	**192,579**
K. Non-current bank debt	(80,072)	(621)
L. Bonds issued	-	-
M. Other non-current patables	(501)	(577)
N. Net non-current debt (K) + (L) + (M)	(80,573)	(1,198)
O. Net debt ESMA	**(65,534)**	**191,381**

The following is a reconciliation between the ESMA net financial position and the net financial position as monitored by the Company:

(in euro thousands)	31 December 2014	31 December 2013
O. Net debt ESMA	**(65,534)**	**191,381**
P. Current financial receivables relating to the finance lease with RAI	-	249,961
Q. Net finance position - Rai Way (O) - (P)	**(65,534)**	**(58,580)**

Deferred tax assets and liabilities

The following table sets out changes in deferred tax assets and liabilities:

(in euro thousands)	31 December 2014	31 December 2013
Opening balance	**5,268**	**5,847**
Recognized in profit or loss	(350)	(356)
Recognized in comprehensive income	530	(223)
Closing balance	**5,448**	**5,268**
Of which - deferred tax assets	5,798	6,798
- deferred tax liabilities	(350)	(1,529)

Changes in deferred tax assets may be analyzed as follows:

Deferred tax assets	Provisions for risks and charges	Employee benefits	Other items	Total
(in euro thousands)				
31 December 2013	**5,171**	**185**	**1,442**	**6,798**
Recognized in profit or loss	(1,288)	67	(309)	(1,530)
Recognized in comprehensive income	-	530	-	530
31 December 2014	**3,883**	**782**	**1,133**	**5,798**

Changes in deferred tax liabilities may be analyzed as follows:

Deferred tax liabilities	Finance lease	Employee benefits	Other items	Total
(in euro thousands)				
31 December 2013	**(308)**	**(25)**	**(1,196)**	**(1,529)**
Recognized in profit or loss	308	25	846	1,179
Recognized in comprehensive income	-	-	-	-
31 December 2014	**-**	**-**	**(350)**	**(350)**

Inventory

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Contract work in progress	226	20,155
Raw materials and consumables	674	896
Total inventory	**900**	**21,051**

"Contract work in progress" at 31 December 2013 consisted of the work carried out to adjust the transmission and broadcasting network to the requirements of Rai as part of the 2000-2014 Service Agreement.

The decrease of Eur 19,929 thousand mainly arises from the different accounting treatment adopted for the service agreement with Rai in effect until 30 June 2014, which for the purposes of IAS 17 was accounted for as a finance lease until that date (further details may be found in the section "Significant events").

"Raw materials, ancillary materials and consumables" relate to stocks and spare parts for the maintenance and use of technical business assets.

Trade receivables

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Receivables from Rai	56,478	44,094
Receivables from customers	11,706	9,768
Provision for bad and doubtful debts	(3,782)	(3,432)
Total trade receivables	**64,402**	**50,430**

"Receivables from Rai" consist of the balances due to the Company from Rai under the Service Agreement. Further details may be found in the notes on "Revenues" and "Related party transactions".

"Receivables from customers" arise mainly from service revenues relating to (i) tower rental, (ii) broadcasting, (iii) transmission and (iv) network services which the Company renders to third party customers other than Rai.
The following tables sets out changes in the provision for bad and doubtful debts:

(in euro thousands)	Current provision for bad and doubtful debts
31 December 2013	3,432
Charge for the year	350
31 December 2014	**3,782**

Other current receivables and assets

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Receivables from the Parent for the tax consolidation	2,718	-
Accrued income and prepaid expenses	1,202	1,262
Other receivables	464	505
Total other current receivables and assets	**4,384**	**1,767**

"Receivables from the Parent for the tax consolidation" refer to the receivable arising from the application made for a refund of IRES corporate income tax regarding the deductibility of the IRAP regional production tax charged on personnel expenses for IRES purposes. At 31 December 2013 this receivable was classified within "Payables to the Parent for the tax consolidation" and offset against the payables to Rai for IRES; in this respect it should be noted that the balance at 31 December has been reclassified (IAS 1 paragraph 41).
"Accrued income and prepaid expenses" mainly regards the portion of the rental costs for land, industrial buildings and roads, systems hosting and bank charges and expenses relating to future periods.

"Other receivables" mainly relate to amounts due from personnel for advances for travelling expenses and receivables from social security organizations.

Tax receivables

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
VAT receivable	313	322
Other taxes receivable	1	30
Total tax receivable	**314**	**352**

As discussed in the section "Related party transactions", the Company avails itself of the Group VAT offsetting procedure prescribed by Ministerial Decree of 13 December 1979 on the regulations for implementing the provisions of article 73, last paragraph, of Decree of the President of the Republic no. 633 of 26 October 1972, explaining the concerning transactions with the Parent Company. The Company also has additional existing receivables pertaining to VAT repayment requests not included in the aforesaid offsetting procedure.

Shareholders' equity

Share capital

At 31 December 2014, Rai Way had a share capital of Eur 70,176 thousand consisting of 272,000,000 ordinary shares without nominal value.

Other reserves

"Other reserves" may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Taxed extraordinary reserves	11,291	11,291 [1,2,3]
Reserves for accelerated depreciation	9,360	9,360 [1,2,3]
Reserve for aligning the civil/fiscal values of business assets	8,938	8,938 [1,2,3,4]
Reserve for first-time adoption of IFRS	7,490	7,490 [2]
Total other reserves	**37,079**	**37,079**

Key [1] For capital increases - [2] For absorbing losses - [3] For distribution to shareholders - [4] In the case of utilization for purposes other than absorbing losses, the amount is subject to IRES

Earnings per share

Basic and diluted earnings per share have been calculated as follows:

31 December	2014	2013
(in euro thousands unless otherwise stated)		
Profit for the year	24,646	8,454
Average number of ordinary shares	57,492,603	13,600,000
Earnings per share (basic and diluted) (euro)	0.43	0.62

Basic and diluted earnings per share have the same value as there were no dilutive items at the balance sheet date.

Employee benefits

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Employee severance pay	20,445	18,717
Other provisions	881	776
Total employee benefits	**21,326**	**19,493**

Changes in "Employee benefits" may be analyzed as follows:

31 December	2014	2013
(in euro thousands)		
Opening balance	**19,493**	**22,655**
Charges for the year	2,198	2,028
Interest on the liability	499	497
Utilization	(2,792)	(4,876)
Actuarial (gain) / loss	1,928	(811)
Closing balance	**21,326**	**19,493**

The actuarial assumptions used in calculating the employee severance pay liability were as follows:

As of and for the year ended 31 December	2014	2013
Discount rate	0.98%	2.60%
Inflation rate	1.50%	2.00%
Average annual employee leaving rate	4.80%	4.61%
Annual probability of requests for advances	1.00%	1.50%
Duration (years)	9.68	9.78

In using these assumptions, the value of the employee severance pay liability obtained from variations of +/– 50 bps in the discount rate used for the valuation was also calculated, giving a result of Eur 19,498 thousand and Eur 21,461 thousand respectively.

"Other provisions" refer to the supplementary seniority indemnity provision and the Company's supplementary pension fund; the value of the liability obtained from variations of +/– 50 bps in the discount rate used for the valuation was calculated in these cases too, giving a result of Eur 749 thousand and Eur 846 thousand respectively.

Provisions for risks and charges

Changes in this item may be analyzed as follows:

(in euro thousands)	1 January 2014	New Service Agreement	Charge for the year	Interest expense, realases, discounting	Utilization	Release	31 December
Civil and administrative ligation	10,285	-	-	-	(63)	(1,629)	8,593
Accrued expenses	-	-	276	-	-	-	276
Temporary video link concessions	816	-	-	-	-	(816)	-
Other provisions for risks and charges	1,675	-	410	-	(505)	(462)	1,118
Decomiissioning and restoration provision	-	8,475	-	127			8,602
Total provisions for risks and charges	**12,776**	**8,475**	**686**	**127**	**(568)**	**(2,907)**	**18,589**

"Provisions for risks and charges" consist of losses and charges of a specific nature whose existence is certain but whose amount cannot be precisely determined, or whose existence is probable and whose amount can be reliably estimated. This item mainly regards the risk arising from civil and administrative judicial proceedings and the related legal expenses and the provision recognized for the costs of dismantling and restoring transmission sites that are owned by other parties.

Trade payables

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Payables to suppliers	30,393	34,352
Payables to the Parent Company	5,558	48,575
Payables to other companies of the RAI Group		38
Total trade payables	**35,951**	**82,965**

Further details about transactions with the Parent Rai may be found in the section "Related party transactions".

"Payables to suppliers" amounted to Eur 30,393 thousand at 31 December 2014 representing a decrease of Eur 3,959 thousand over 31 December 2013.

"Payables to the Parent Company" regard trade payables due to Rai; there is a balance of Eur 5,558 thousand at 31 December 2014 representing a decrease of Eur 43,017 thousand over 31 December 2013. This difference arises from the settlement by the Company in the first half of 2014 of old outstanding balances relating to the services provided by the Parent Company as part of the Passive Service Agreement.

Other current payables and liabilities

This item may be analyzed as follows:

31 December	2014	2013
(in euro thousands)		
Payables to personnel	4,654	4,933
Payables to pension and social security agencies	3,553	3,240
Other payables	1,699	1,323
Payables to the Parent Company for the tax consolidation	11,048	1,231
Guarantee deposits received	315	191
Accrued income and deferred income	208	93
Payables to insurance companies	45	46
Payables to the Parent Company for Group VAT	167	34
Total other current payables and liabilities	**21,689**	**11,091**

Further information on transactions with the Parent Company Rai may be found in the section "Related party transactions".

Tax payables

This item may be analyzed as follows:

(in euro thousands)	31 December 2014	31 December 2013
Payables for amounts withheld from wages and salaries	1,463	1,531
Payables for other amounts withheld and substitute tax	26	31
VAT payable	1,190	923
IRAP payable	225	259
Total tax payables	**2,904**	**2,744**

As discussed in the section "Related party transactions", the Company avails itself of the Group VAT offsetting procedure prescribed by Ministerial Decree of 13 December 1979 on the regulations for implementing the provisions of article 73, last paragraph, of Decree of the President of the Republic no. 633 of 26 October 1972, explaining the concerning transactions with the Parent Company. The Company also has additional existing receivables pertaining to VAT repayment requests not included in the aforesaid offsetting procedure.

Commitments and guarantees

Commitments and guarantees amounted to Eur 64,498 thousand at 31 December 2014 (Eur 61,507 thousand at 31 December 2013) and mainly relate to personal guarantees received for third party obligations and third party guarantees pledged for the Company's liabilities for obligations and debts.

OTHER INFORMATION

Contingent liabilities

The Company is party to certain legal disputes pending before Regional Administrative Courts relating to the use of radio and television signal transmission frequencies. In particular, the issue in dispute is the interference that this causes with the radio and/or television signal transmitted by other industry operators. All disputes are constantly monitored by the Company's legal office, which to this purpose engages the support of leading law firms specializing in administrative disputes. The amounts recognized in the financial statements as provisions for risks and charges represent management's best estimate of the outcome of the pending disputes and have been calculated by taking into account the opinions of the outside legal firms assisting the Company.

The Company is also party to a number of law suits brought by employees and former employees in relation to alleged faulty applications of the current regulations governing employee agreements. As previously noted, as far as this type of litigation is concerned the Company makes use of support provided by leading law firms specializing in labor law during the litigation proceedings as well as employing the services of its in-house legal department. The amounts recognized in the financial statements to provide against the risk of losing the litigation have been calculated by management by estimating, on the basis of the professional assessment of the external lawyers representing the Company in court, the probable cost to be borne by Rai Way, taking into consideration the present stage of the litigation.

Finally, Rai Way is a party to a number of law suits of a civil nature relating to the way in which the fee due for the occupation of public space by the Company's owned installations is calculated.

Although it is arguing its case in the applicable courts, assisted in this by the support of specialized law firms, also taking into account the professional opinions formulated by these firms concerning the expected outcome of the pending disputes, the Company has recognized as provisions for risks and charges in its financial statements the amounts that management considers it probable that it will be required to pay should it lose the cases.

In order to provide supplementary information on the matters discussed above, it should forthwith be stated that in carrying out its ordinary operations the Company avails itself of the hosting services of third parties to position its installations on the land, buildings or structures of such parties. Considering that such hosting services are generally formalized by way of contracts or similar legal instruments (by way of example: transfers of surface rights, concessions of public spaces, etc.), the Company may have to incur costs for the removal of network infrastructures in the event that the contractual relationships with the third party hosts are not renewed or expire. A number of specific disputes are currently in progress on this matter, which could lead to the determination of these costs, on the other hand not at present quantifiable, in the near future. The Company accordingly believes that the possibility exists that it may in the future have to incur costs to satisfy the claims it has received, and in this respect has created a dismantling and restoration provision in the financial statements for this purpose.

If in the future the circumstances discussed above should undergo developments that make it probable that the Company will incur costs that exceed the amount recognized in the provision for site dismantling and restoration, all the necessary measures will be taken to protect the Company's interests and recognize the effects of the changed scenario in the financial statements in an adequate manner.

Compensation payable to Directors and Statutory Auditors

The compensation payable to directors and statutory auditors is as follows:

Year ended 31 dicembre	2014	2013
(in euro thousands)		
Directors' compensation	727	862
Statutory auditors' compensation	85	78
Total directors and statutory	**812**	**940**

Subsequent events

On 24 February 2015, by way of a communication, EI Towers S.p.A. announced that its Board of Directors had unanimously resolved to proceed with a voluntary public purchase and exchange offer on the 272,000,000 ordinary shares of Rai Way S.p.A. representing the whole of the Company's share capital.

The aim of this offer – made pursuant to and in accordance with article 102 and article 106, paragraph 4 of Legislative Decree no. 58 of 24 February 1998 as amended and the relative implementation provisions – is to withdraw the shares of Rai Way S.p.A. from listing on the italian stock exchange (MTA) or purchase an interest representing at least 66.67% of Rai Way's share capital.

Further information on the terms and conditions of the offer may be found in the abovementioned communication.

RELATED PARTY TRANSACTIONS

Details of the transactions the Company carried out with related parties in the years ended 31 December 2014 and 2013 are provided in the following; related parties are identified on the basis of IAS 24 *Related Party Disclosures*. The company carries out transactions mainly of a commercial and financial nature with the following related parties:

- Rai ("Parent company" in the tables below)
- the Group's key management personnel ("Key management personnel");
- other subsidiaries of RAI and/or companies in which the Parent has an interest ("Other related parties").

Related party transactions are conducted under normal market conditions.
The following table sets out details of the Company's balances with related parties at 31 December 2014 and 2013:

(in euro thousands)	Parent Company	Key management personnel	Other related parties	Total
Non-current financial assets				
31 December 2014	-	-	-	-
31 December 2013	-	-	-	-
Current financial assets				
31 December 2014	365	-	-	365
31 December 2013	249,961	-	-	249,961
Current trade receivables				
31 December 2014	56,478	-	67	56,545
31 December 2013	44,094	-	-	44,094
Other current receivables and assets				
31 December 2014	2,718	-	10	2,728
31 Decembere 2013	-	-	-	-
Current financial liabilities				
31 December 2014	-	-	-	-
31 December 2013	57,241	-	-	57,241
Trade payables				
31 December 2014	5,558	-	-	5,558
31 December 2013	48,575	-	37	48,612
Other current payables and liabilities				
31 December 2014	11,215	-	-	11,215
31 December 2013	1,265	-	-	1,265

The following table sets out details of the Company's transactions with related parties for the years ended 31 December 2014 and 2013:

(in euro thousands)	Parent Company	Key management personnel	Other related parties	Total
Revenues				
Year ended 31 December 2014	132,087	-	67	132,154
Year ended 31 December 2013	82,041	-	-	82,041
Other revenues and income				
Year ended 31 December 2014	-	-	-	-
Year ended 31 December 2013	229	-	-	229
Purchase of consumables				
Year ended 31 December 2014	6	-	-	6
Year ended 31 December 2013	7	-	-	7
Cost of services				
Year ended 31 December 2014	14,938	730	29	15,697
Year ended 31 December 2013	15,908	1,142	62	17,112
Personnel costs				
Year ended 31 December 2014	29	359	-	388
Year ended 31 December 2013	22	-	-	22
Other costs				
Year ended 31 December 2014	20	-	-	20
Year ended 31 December 2013	-	-	-	-
Financial income				
Year ended 31 December 2014	4,059	-	-	4,059
Year ended 31 December 2013	9,545	-	-	9,545
Financial expenses				
Year ended 31 December 2014	1,230	-	-	1,230
Year ended 31 December 2013	2,240	-	-	2.240

Parent Company

Until 18 November 2014 (the day before its listing on the italian stock exchange (MTA)) the Company carried out transactions of a financial and commercial nature with its Parent. From 19 November 2014 these transactions are mostly of a commercial nature.

Financial agreements between Rai Way and Rai

Financial relationships between the Company and Rai were governed by the following agreements originally entered into on 16 July 2007 and tacitly renewed annually:

- Centralized treasury agreement
- ntercompany current account agreement
- Agency agreement
- Credit facility agreement

Under the centralized treasury agreement the Company's financial management was assigned to the Parent by a system of cash pooling. The Company had stipulated an agreement with Banca Intesa Sanpaolo under which at the end of each working day the bank transferred the outstanding balance on the Company's current account (at the end of the day) (the "Origin Account") to the current bank account held by Rai; as a consequence of the agreement, there was always a nil balance on the Origin Account at the end of the day. The agreement did not provide for any charges to be borne by the Company but the debit or credit balances on the intercompany current account were remunerated by virtue of the agreement discussed below.

The intercompany current account provided for the automatic transfer of the positive and negative balances arising from the bank cash pooling and from the economic and financial transactions conducted between the Company and Rai to an intercompany current account set up for the purpose. The Parent applied interest on these balances at money market rates (Euribor) plus/minus a spread that was updated on a quarterly basis.

The agency agreement allowed Rai to arrange payments and receipts respectively of the payables and receivables due to or from the other Companies of the Rai Group.

The credit facility agreement provided for the opening of a credit facility in the Company's favor transacted through the intercompany current account up to an amount of Eur 100 million. The facility could vary depending on the Company's cash requirements, within the limits of the financial plans approved by the Parent. Any balances arising from this arrangement, which had an original term of one year and was tacitly renewable, had to be repaid immediately if the centralized treasury agreement was terminated or if there were any changes to the current ownership structures of the Company.

As of the listing date, the Company entered a loan agreement with a syndicate of banks, discussed in the section "Current and non-current financial assets and liabilities". At the same time, starting from the disbursement of this loan only the intercompany current account agreement and the mandate agreement were not novated in relation to the Company's operational and financial independence with respect to the Parent. The centralized treasury agreement and the credit facility agreement were terminated as of 18 November 2014, while a new intercompany current account agreement was set up to deal with the residual balances.

The Company has recognized the following with respect to the intercompany current account:

- financial expenses of Eur 1,230 thousand in 2014 and Eur 2,240 thousand in 2013;
- current financial receivables of Eur 365 thousand at 31 December 2014 and Eur nil at 31 December 2013; the 2014 balance arises from the new intercompany current account agreement;
- current financial payables of Eur nil at 31 December 2014 and Eur 57,241 thousand at 31 December 2013.

The 2000-2014 Service Agreement

The 2000-2014 Service Agreement executed on 5 June 2000 and valid until 31 December 2014 in the version subsequently supplemented and amended mainly regards the provision of services for the installation, maintenance and operation of telecommunications networks and services for the transmission, distribution and broadcasting of radio and television signals and programs for which a monthly fee is paid which depends on the type of service provided (i.e. services that Rai Way renders using its own resources or those of third parties, investments requested by Rai, digital terrestrial television broadcasting services and other services established by the parties).

Under the 2000-2014 Service Agreement the Company recognized until 30 June 2014:

- revenues of Eur 45,906 thousand for transmission and broadcasting services;
- financial income of Eur 3,903 thousand arising from the finance lease agreement with the Parent;
- trade receivables of Eur 50,886 thousand;

- financial receivables of Eur 223,974 thousand arising from the finance lease agreement with the Parent.

The 2000-2014 Service Agreement was renegotiated on 31 July 2014, effective 1 July 2014 (see the section "Significant events").

Service agreement with Rai and the rental agreement with related services
"The Rai service agreement" entered into in 2006 mainly relates to the provision of the following services:
- personnel administration;
- general services;
- insurance policies;
- IT systems;
- administration;
- finance;
- research and technological innovation center;
- advice and legal counsel.

The agreement expired on 31 December 2010 and remained in force until 30 June 2014; it was then renewed on 31 July 2014 with effect as of 1 July 2014.

The "Agreement for leases and for the performance of connected services", relating to the lease of property and/or portions of property, including the flat roofs on which the systems for the transmission and/or broadcasting of radio and television signals stand, owned by Rai Way or third parties hosted by it, was originally executed on 19 April 2001 and had an original term of six years tacitly renewable for further six year periods (the current term expires in 2019).

The fees for the above services, including the property rent and ancillary services, are identified on the basis of the valuation criteria for each service stated in the technical specifications. As the result of these agreements the Company recognized:
- costs of services of Eur 14,536 thousand and Eur 15,911 thousand in 2014 and 2013 respectively;

- trade payables of Eur 5,558 thousand and Eur 48,575 thousand at 31 December 2014 and 2013 respectively.

Tax consolidation

On the basis of the Consolidated Income Tax Act (article 117 and following of Presidential Decree no. 917/86) and in accordance with the provisions contained in article 11, paragraph 4 of the ministerial decree of 9 June 2004 on "Provisions for the application of the domestic tax consolidation as per articles 117 to 128 of the Consolidated Income Tax Act", Rai Way applies the group tax regime governed by the "Agreement for the exercise of the option with Rai for the domestic tax consolidation". This agreement, which governs all the mutual obligations and responsibilities between the Parent and the Company, is effective for fiscal years 2013 and 2014.

As a consequence of the tax consolidation the Company recognized "Other current payables and liabilities" of Eur 11,048 thousand and Eur 1,231 thousand at 31 December 2014 and 2013 respectively and "Other current receivables and assets" of Eur 2,718 thousand at 31 December 2014.

The Group's VAT regime

The Group avails itself of the Group VAT offsetting procedure permitted by Ministerial Decree of 13 December 1979 on the regulations for implementing the provisions of article 73, last paragraph, of Decree of the President of the Republic no. 633 of 26 October 1972, recognizing "Other current payables and liabilities" of Eur 167 thousand and Eur 34 thousand at 31 December 2014 and 2013 respectively with respect to the Parent Company.

Key management personnel

"Key management personnel" includes key executives who have the power and direct and indirect responsibility for planning, managing and controlling the Company's activities and includes the directors. The Company recognized:

- costs of services of Eur 730 thousand and Eur 1,142 thousand at 31 December 2014 and 2013 respectively;
- personnel costs of Eur 359 thousand and Eur nil at 31 December 2014 and 2013 respectively.

Other related parties

The Company has dealings of a commercial nature with other related parties and in particular with:

- Rai Com S.p.A. to which the Company provides transmission services;
- San Marino RTV which provides leasing services and receives transmission services from Rai Way.

Rome, 12 March 2015

On behalf of the Board of Directors

The Chairman

Camillo Rossotto

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

RAI WAY SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014 pwc

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Rai Way SpA

1 We have audited the financial statements of Rai Way SpA as of 31 December 2014 which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related explanatory notes. The directors of Rai Way SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present, for comparative purposes, the corresponding figures of the prior year prepared in accordance with the same accounting standards. For the opinion on these figures, reference is made to our audit report dated 6 August 2014 issued following the audit of the financial statements included in the documents prepared as part of the Rai Way SpA Initial Public Offering of ordinary shares on the MTA Stock Exchange organized and managed by Borsa Italian SpA.

3 In our opinion, the financial statements of Rai Way SpA as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Rai Way SpA for the period then ended.

4 Without qualifying our opinion, we wish to emphasise the following matters already reported in paragraph “General Information” in the notes to the financial statements in respect of the comparability of P&L and balance sheet data for the year 2014 with the previous year figures, due to the new service agreements signed with the parent company Rai – Radiotelevisione Italiana SpA.

5 The directors of Rai Way SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure published in section “Corporate Governance” of the website of Rai Way SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the financial statements of Rai Way SpA as of 31 December 2014.

Rome, 3 April 2015

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

(Pursuant to article 153 of Legislative Decree no. 58 of 24 February 1998 and article 2429 of the civil code)

TO THE SHAREHOLDERS' MEETING

OF RAI WAY S.p.A.

Registered office Via Teulada, 66 – 00195 Rome

Fully paid share capital €70,176,000

Tax code and VAT number: 05820021003

REA number: RM-925733

Company subject to the management and coordination of

RAI - Radiotelevisione italiana S.p.A.

* * *

Shareholders,

Rai Way S.p.A. (hereafter also "Rai Way" or the "Company") is a company whose shares are listed on the stock exchange organized and managed by Borsa Italiana S.p.A. since 19 November 2014, the settlement date for the Global Offering made by the shareholder RAI - Radiotelevisione italiana S.p.A. (hereafter "RAI").

During the year ended 31 December 2014 the Board of Statutory Auditors conducted supervisory activities in accordance with the provisions of law and following the Standards of conduct recommended for the Board of Statutory Auditors by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*; in particular, as the Company is an issuer listed on the Italian stock exchange, the Board has also performed the procedures prescribed by Legislative Decree no. 58 of 24 February 1998 (hereafter also the "TUF"), taking into account the prescriptions and recommendations provided by CONSOB.

The Board of Directors currently in office was appointed on the basis of the Company's bylaws by the Shareholders' Meeting of 18 September 2012 and its term

will come to an end on the approval of the financial statements for the year ended 31 December 2014 which are presented for your approval.
In view of the process for the listing of its shares, the Company resolved to adopt the Corporate Governance Code for listed companies prepared by the Corporate governance committee for listed companies promoted by Borsa Italiana S.p.A. (hereafter the "Corporate Governance Code") at the meeting of the Board of Directors of 4 September 2014 and has then progressively adopted a series of resolutions to align its corporate governance to the Corporate Governance Code, starting from the date on which trading in its shares began.
The Board of Directors has verified, with a positive result as far as its members are concerned, that the independence criteria prescribed by the Corporate Governance Code adopted by the Company have been complied with; the members of the Board have complied with the limit to the total number of positions they may hold provided by the CONSOB Issuers' Regulations.
The Company has verified that the directors qualified as "independent" hold the independence requirements pursuant to the Corporate Governance Code; in this respect it is recalled that the Board of Directors as currently composed was appointed on 18 September 2014 (a resolution was also adopted to increase the number of board members from three to seven on that date), 6 October 2014 and 29 October 2014 by resolutions adopted by the Company's Shareholders in General Meeting; the composition of the Board also complies with the requirement for gender representation prescribed by the provisions of Law no. 120 of 12 July 2011.
The Company's annual financial statements for the year ended 31 December 2014, prepared in accordance with the International Accounting Standards (IFRS) adopted by the European Union, are submitted for your examination.
The external audit was performed by the audit firm PricewaterhouseCoopers S.p.A. (hereafter also "PwC") whose nine-year term of engagement (from the year ended 31 December 2014 to the year ending 31 December 2022) was approved by the Shareholders' Meeting of 4 September 2014 on a reasoned proposal of the Board of Statutory Auditors.

In light of the procedures performed and taking into account the prescriptions contained in the relevant CONSOB Communications, the Board of Statutory Auditors reports as follows:

a. the Board of Statutory Auditors has ensured the observance of the law and the Company's bylaws;
b. the Board of Statutory Auditors attended Shareholders' General Meetings and meetings of the Board of Directors and the Control and Risks Committee and obtained from the Directors due information on the activity performed by the Company and the operations of importance from a standpoint of operating results, cash flows and financial position carried out during the year; this information is comprehensively represented in the Report on Operations, to which reference should be made. On the basis of the information made available to it, the Board of Statutory Auditors is able to reasonably conclude that the operations performed by the Company comply with the law and its bylaws and are not manifestly imprudent or hazardous or in conflict with the resolutions adopted by the Shareholders' Meeting, or such as to impair the integrity of the Company's equity;
c. no abnormal or unusual transactions with third parties or related parties have been reported, either by the Board of Directors or the audit firm, or been directly noted;
d. the Board of Directors has provided a comprehensive description of related party transactions in the Report on Operations and in the notes to the financial statements, explaining their effect on results from operations, as well as of the way in which the consideration for these transactions was determined, representing that such were conducted in the Company's interest and that they form part of ordinary operations and were carried out under market conditions in terms of fairness, or else under conditions that would have held between independent parties for transactions of the same nature. At its meeting of 4 September 2014, the Company's Board of Directors approved the "Procedure for Related Party Transactions" whose purpose is to govern related party transac-

tions following the listing of the Company's shares on the stock exchange. The Board of Statutory Auditors supervised compliance of this procedure with current laws and regulations, concluding that it constitutes an adequate control over the performance of such transactions. The Board of Statutory Auditors additionally notes that no related party transactions took place after the adoption of such Procedure;

e. the Board of Statutory Auditors gained acquaintance of the Company's organizational structure, and to the extent of its competence ensured its adequacy and compliance with the principles of good management by way of direct observation, the collection of information from the heads of the Company's functions and meetings with the audit firm engaged to perform the legal audit. Considered on the basis of its ability to correctly represent operations and ensure that the accounting records are updated on a timely basis and that the Company keeps proper books of account, including with respect to the existence of documents relating to tax and social security requirements, the administration and accounting system is adequate. The audit firm did not report any findings on these aspects. During the listing process your Company pursued the objective of enhancing its administrative and operational procedures, as well as that of further updating and strengthening its organizational structure;

f. during 2014 the Board of Statutory Auditors exercised the function of Supervisory Body within the meaning of Legislative Decree no. 231/2001, following the resolutions adopted by the Board of Directors on 27 March 2013 and by the Shareholders' Meeting on 23 April 2013; in exercising that function, therefore, it supervised the Company's organizational activities and the procedures put into place pursuant to Legislative Decree no. 231/2001, reporting on a periodical basis to the Board of Directors on the work performed. The Report on Corporate Governance and Ownership Structures for 2014 approved by the Board of Directors, to which reference should be made, contains a description of the main components of the Organization, Management and Control Model adopted by the Company at the date of that report. In addition

- following a decision previously taken by the Board of Directors in view of the subsequent listing of the Company's shares - the report states that a newly formed Supervisory Body took office on 11 March 2015. It should be reported that the Company has appointed the Head of Internal Auditing as Head of the Prevention of Corruption, and this officer has prepared the Company's Three-Year Plan for the Prevention of Corruption which was approved by the Board of Directors subsequent to the end of fiscal 2014 (as also stated in the above-mentioned Report on Corporate Governance and Ownership Structures);

g. the Board of Statutory Auditors has observed that Rai Way is subject to management and coordination by its parent RAI within the restrictions of law and in particular that the conditions prescribed by article 37 of CONSOB's Regulation on Markets for the purpose of the listing of the Company's shares have been maintained. In this respect it is noted that a specific Regulation exists relating to the management and coordination activity exercised by the parent RAI over the Company – approved by the Board of Directors at its meeting of 4 September 2014 and becoming effective on the first day of listing of the Company's shares – and this too is stated in the Report on Corporate Governance and Ownership Structures;

h. the Board of Statutory Auditors evaluated and supervised for compliance the adequacy of the Company's Internal Control and Risk Management System (SCIGR), as well as its reliability for correctly representing operations, through the information received from the designated Director for the Internal Control and Risk Management System and from the Manager in charge of preparing the corporate accounting documents, and through that acquired from the audit firm; attendance at the proceedings of the Control and Risks Committee, established following the listing process and consisting of three independent members of the Board of Directors, enabled the Board of Statutory Auditors to coordinate the performance of its functions of control on the SCIGR with the activities of the Committee itself;

i. in its capacity as "internal control and audit committee" pursuant to Legislative Decree no. 39/2010 the Board of Statutory Auditors supervised for compliance: i) the financial information process, ii) the effectiveness of the internal control and risk management system, iii) the legal audit of the annual financial statements and iv) the independence of the entity engaged to perform the legal audit, in particular as concerns the provision of non-audit services to the Company;
j. the Board of Statutory Auditors met the persons in charge in the audit firm who provided information concerning the audit program, the performance of the procedures contained in that program and the results emerging from those procedures; no matters or situations emerged from these meetings that should be highlighted in this Report;
k. as of today's date the audit firm PwC issued its Report in accordance with articles 14 and 16 of Legislative Decree no. 39/2010, which states that the annual financial statements for the year ended 31 December 2014 have been drawn up clearly and give a true and fair view of the financial position, results of operations and cash flows of the Company for the year then ended. In addition, with reference to the annual financial statements, the firm engaged to perform the legal audit has stated that the Report on Operations and the Report on Corporate Governance and Ownership Structures, restricted to the information referred to in paragraph 1, letters c, d, f, l, m and paragraph 2, letter b of article 123-bis of Legislative Decree no. 58/98, are consistent with the financial statements. The Board of Statutory Auditors has supervised the financial information process, the internal audit process and the risk management process for compliance, has overseen the audit of the annual financial statements and has overseen the independence of the firm engaged to perform the legal audit;
l. as of today's date, the Board of Statutory Auditors has received information from the firm engaged to perform the legal audit indicating the absence of any "key issues" or "significant weaknesses" found during the audit process;

m. pursuant to article 17, paragraph 9, letter a) of Legislative Decree no. 39/2010, the Board of Statutory Auditors has received confirmation from the firm engaged to perform the legal audit of its independence together with notification of the non-audit services provided to the Company by that firm or other entities belonging to its network; in addition, pursuant to article 17, paragraph 9, letter b) of Legislative Decree no. 39/2010, the Board of Statutory Auditors has discussed with the audit firm any risks relating to its independence and the measures the firm has adopted to limit such risks.

In performing the above supervisory procedures, the Board of Statutory Auditors met on 10 occasions during 2014 (of which 1 subsequent to the listing of the Company's shares), attended 18 meetings of the Board of Directors (of which 2 subsequent to the listing of the Company's shares) and attended 6 Shareholders' Meetings, as well as attending the only meeting of the Control and Risks Committee held in 2014.

No specific matters or reprehensible actions were reported to the Board of Statutory Auditors during the year.

The Board of Statutory Auditors issued the following during the year pursuant to law:

- a reasoned proposal for the engagement of the audit firm resolved by the Shareholders' Meeting of 1 April 2014;
- a reasoned proposal to the Shareholders' Meeting of 4 September 2014, whose subject, in view of the listing of the Company's shares, was to amend the engagement already granted to the audit firm with effect from the date of such listing, converting it to an engagement pursuant to articles 14 and 17 of Legislative Decree no. 39/2010 with an extension until 2022 and adding to it in particular the engagement to perform a review of the condensed half-yearly financial statements;
- an opinion on the appointment of the Manager in charge of preparing the corporate accounting documents pursuant to article 154-bis of the TUF.

In addition, the Board of Statutory Auditors issued a favorable opinion on the approval of the memorandum on the Company's control system in accordance with the Rules of the Markets organized and managed by Borsa Italiana S.p.A. (article 2.2.1, paragraph 6) and the Instructions accompanying the Rules (section IA.1.1., paragraph 1.00, point 9).

No other significant matters emerged during the performance of the above-mentioned supervisory activities that require mention in this report.

Conclusions

The financial statements for the year ended 31 December 2014, in the draft version presented by the Board of Directors, close with a profit for the year of €24,645,775. The Report on the financial statements and the notes are comprehensive in providing a detailed description of the Company's operations and the composition of the items in its financial statements, its performance for the year and the most significant operations carried out during that period.

On the basis of the supervisory activities performed during the year, the Board of Statutory Auditors has no reason to oppose the approval of the financial statements for the year ended 31 December 2014 or the proposed resolutions drawn up by the Board of Directors concerning, in addition to such approval, the allocation of the profit for the year and the partial distribution of the "Retained earnings" reserve available for such distribution.

Rome, 3 April 2015

The Board of Statutory Auditors

Maria Giovanna Basile

Giovanni Galoppi

Agostino Malsegna

Attestation pursuant to article 154-bis of Leg. Dec. no. 58/98

The undersigned Stefano Ciccotti as Chief Executive Officer and Adalberto Pellegrino as manager in charge of preparing the corporate accounting documents of Rai Way S.p.A. certify the following, taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February1998:

- the adequacy in relation to the characteristics of the business and
- the effective application of the administrative and accounting procedures for the preparation of the Company's annual financial statements during 2014.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the annual financial statements for the year ended 31 December 2014 was performed on the basis of the process defined by Rai Way S.p.A., taking as reference the criteria established in the model *"Internal Controls – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission*.

We also certify that:

- the annual financial statements of Rai Way S.p.A. for the year ended 31 December 2014:
  a) have been prepared in accordance with the applicable international accounting standards adopted by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  b) agree with the balances on the books of account and the accounting entries;
  c) give a true and fair view of the financial position, results of operations and cash flows of the issuer;
- the report on operations includes a reliable analysis of the performance and results for the year as well as the issuer's position, together with a description of the main risks and uncertainties to which it is exposed.

Rome, 12 March 2015

Stefano Ciccotti	Adalberto Pellegrino
Chief Executive Officer	Manager in charge of preparing the corporate accounting documents

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Stampa Tiburtini s.r.l
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