



Press Release

RCS MediaGroup Board of Directors

Measures approved in accordance with article 2446 of the Italian Civil Code for the capital injection for the company

**Statutory statement of financial position of the Parent Company
RCS MediaGroup S.p.A. at 31 March 2013 approved
– as previously announced – with a significantly negative net result.**

**Proposal to reduce share capital of the Parent Company
at 31 March 2013 to EUR 139.3 million.**

Proposed rights issue for a maximum of EUR 500 million, comprising a maximum of EUR 400 in common shares and a maximum of EUR 100 million in a completely new category of preferred shares.

Proposal to grant the Board of Directors authorisation for a rights issue for a maximum of EUR 200 million, up to the total maximum amount of EUR 600 million by 2015.

Preliminary guarantee agreement approved for the rights issue

Ordinary and Extraordinary Shareholders' Meetings called for 30 May 2013



Milan, 29 April 2013 – The Board of Directors of RCS MediaGroup met yesterday, chaired by Angelo Provasoli, and set the date of 14 May 2013 for the Board of Directors' Meeting to approve the consolidated Interim Management Statement at 31 March 2013 and passed the following resolutions.

Measures approved in accordance with article 2446 of the Italian Civil Code

Solely for the purposes of said measures, the Board approved the statement of financial position at 31 March 2013 of the Parent Company RCS MediaGroup S.p.A., which closed the first quarter 2013 with a loss for the period of approximately EUR 78 million and shareholders' equity of approximately EUR 138.8 million. These results, as previously announced, are influenced by the macroeconomic trend, and specifically by the dynamics in the advertising market, as well as by non-recurring expense, linked to the efficiency measures envisaged in the 2013-2015 Plan, which amounted to approximately EUR 66 million in the quarter for the Parent Company. For more details, see the attached tables.

The measures that the Board of Directors intends to submit to the Shareholders' Meeting, pursuant to and in accordance with article 2446 of the Italian Civil Code, to inject capital into the Company, can be summarised as follows:

- full coverage of the Parent Company's loss for the year 2012, amounting to EUR 494,735,467.38, and for the first quarter 2013, amounting to EUR 78,012,416.89 (as per the Parent Company's statement of financial position approved yesterday), plus net merger losses, amounting to EUR 334,577,574.10, for a total of EUR 907,325,458.37, using EUR 284,141,272.95 in reserves resulting from the statement of financial position at 31 March 2013 and reducing share capital from EUR 762,019,050.00 to EUR 139,250,009.00, to be implemented by a reverse stock split solely of common shares in the ratio of 3 new common shares to each 20 common shares. In the same context, and solely for accounting reconciliation purposes, a loss of EUR 415,144.42 will be carried forward and 17 treasury shares held by the Company will be cancelled;
- the proposed rights issue, which may be performed separately, for a maximum amount of EUR 500,000,000.00, including any share premium, comprising a maximum of EUR 400,000,000.00 through the issue of common shares having the same characteristics as those in circulation, and a maximum of EUR 100,000,000.00 in a new category of preferred shares, as illustrated below, all without indication of nominal value, with regular voting rights, to offer as an option, respectively, to common shareholders and preferred shareholders of the Company in accordance with article 2441, first paragraph of the Italian Civil Code, in proportion to the number of shares they hold (the "Rights Issue"), granting the Board of Directors the widest powers to:
 - (i) define, close to the start of the offer, the issue price of the common shares and new category of preferred shares, also taking account of the general market conditions and the trend in prices and the related volumes of both existing common shares and preferred shares seen on the stock market, as well as the income, equity and financial performance of the Company and/or the Group and the related outlook for development, and considering market practices for similar operations. Subject to the above criteria, the issue price shall be established by applying, in accordance with market practice for similar operations, a discount on the theoretical ex-rights price (TERP) of existing common shares and preferred shares, calculated using current methods;
 - (ii) establish – as a result of that set forth in point (i) – the maximum number of common shares and new category preferred shares, as well as the ratio of shares to assign as an option, rounding the number of shares up or down, if necessary;

- (iii) set the timing for the execution of the rights issue resolution, and specifically for the start of the option offer, as well as for the subsequent offer of any unexercised rights on the stock market at the end of the subscription period, in compliance with the final deadline of 31 December 2013.

Subject to issue of the necessary authorisations from the competent Authorities, the period for the option offer to shareholders of newly issued shares is expected to be completed by 31 July 2013.

- the proposal to grant the Board of Directors, in accordance with article 2443 of the Italian Civil Code, the authorisation for a rights issue for a maximum of EUR 200,000,000.00, and, in any event, up to a total maximum amount of EUR 600,000,000.00 net of the amount actually subscribed at the outcome of the Rights Issue, to be performed, separately, by 31 December 2015, through common shares and/or preferred shares to be offered as an option to entitled parties, with the resulting amendment of article 5 of the Articles of Association (“Delegated Rights Issue”).
- as for the new category of preferred shares (category B shares), which are added to existing preferred shares known as “Category A Preferred Shares”, the Board approved the proposed amendment of articles 24 and 25 of the Articles of Association as indicated below. With regard to article 24, which governs the rights of preferred shares in relation to profit, dividends and advances, after deducting the amount that must be allocated to the legal reserve, the net profit reported in the financial statements approved by shareholders must be distributed to Preferred Shares in the following order:
 - up to the limit of EUR 0.05 per share (equal to 5% of the current nominal value) to Category A Preferred Shares;
 - up to the limit, for each share, of 5% of the accounting equivalent of Category B Preferred Shares (understood as the ratio, at each specific time, of the total amount of capital contributions made over time to subscribe Category B Preferred Shares to the total number of existing Category B Preferred Shares) to Category B Preferred Shares.

The remaining profit, the distribution of which is approved by the Shareholders, will be allocated to all common shares and Preferred Shares in such a way that:

 - each Category A Preferred Share earns a higher total dividend than that paid to common shares by an amount of EUR 0.02;
 - each Category B Preferred Share earns a higher dividend than that paid to common shares by an amount of 2% of the Accounting Equivalent of Category B Preferred Shares.

With regard to article 25 concerning winding up and liquidation, in the event of winding up of the Company, Preferred Shares have pre-emption right for reimbursement of capital in the following order:

 - up to the limit of EUR 1.00 per share for the entire nominal value to Category A Preferred Shares;
 - up to the limit of an amount of shares equal to the Accounting Equivalent of Category B Preferred Shares to Category B Preferred Shares.

For more information, please refer to the Report in accordance with article 2446 of the Italian Civil Code, which will be published on the Company’s website within the period required by law.

Preliminary guarantee agreement approved for the Common Shares Rights Issue

The Board of Directors approved a preliminary guarantee agreement solely for the Common Rights Issue subscribed by Banca IMI S.p.A. and BNP Paribas (as Joint Global Coordinators), Centrobanca – Banca di Credito Finanziario e Mobiliare S.p.A., Mediobanca – Banca di Credito Finanziario S.p.A., Commerzbank AG and Banca Aletti & C S.p.A. (all, jointly, as Joint Global Coordinators, the “Guarantors”). Through this agreement, the Guarantors have undertaken – at conditions in line with market practice – to enter into a guarantee agreement with the Company, close to the start of the option offer, concerning the commitment to subscribe any common shares unsubscribed at the end of the offer of the unexercised rights on the stock market for a total amount of EUR 172.5



million, provided that, among other conditions, before the agreement is entered into: the block voting and consultation shareholders of the Company have entered into irrevocable and unconditional commitments for a value of no less than EUR 200,000,000; and preliminary guarantee commitments have been undertaken – up to the amount of the Guarantors' commitments – with equivalent content to those undertaken by the Guarantors, up to the total amount of the Common Rights Issue not covered by the shareholders' irrevocable and unconditional commitments.

On 28 April 2013, an additional bank demonstrated its willingness to enter into a preliminary guarantee agreement with equivalent content to those entered into by the Guarantors on the same date, for a maximum amount of EUR 10 million, specifying that said agreement may be entered into once the bank's internal authorisation procedures are completed.

Since Banca IMI S.p.A. (Intesa Sanpaolo Group) and Mediobanca – Banca di Credito Finanziario S.p.A., related parties of RCS, are participating in the agreement, the transaction has been approved in accordance with Consob Regulation no. 17221 of 2010 and the related parties procedure approved by the Board of Directors of 10 November 2010. The Company shall make the disclosure document related to the most significant transactions with related parties available to the public within the deadlines set by the aforesaid Consob Regulation.

In this regard, note that, as announced on 14 April 2013, the shareholders Mediobanca – Banca di Credito Finanziario S.p.A., Fiat S.p.A., Fondiaria SAI S.p.A., Pirelli & C. S.p.A., Intesa Sanpaolo S.p.A., Mittel Partecipazioni Stabili S.r.l. and Edison S.p.A., belonging to the block voting and consultation shareholders of the Company, sent the Company separate letters of commitment to subscribe their share of the proposed capital injection, for approximately 44% of the common capital injection, net of the common shares owned by the Company.

Furthermore, the shareholder Fiat S.p.A. notified the Company that it wished to take up part of the option rights from other shareholders belonging to the block voting and consultation shareholders if they did not exercise their rights, for an additional 2.805% of the ordinary rights issue. The shareholder Intesa Sanpaolo S.p.A. notified the Company of its intention to acquire from members of the voting and consultation block of the Company a quantity of option rights which, when acquired and exercised with the consequent subscription of new RCS common shares will result in a total payment not greater than EUR 10 million.

Call of Ordinary and Extraordinary Shareholders' Meetings for 30 May 2013

The Board of Directors has called the Ordinary and Extraordinary Shareholders' Meeting, on single call, for 30 May 2013 at the Company's offices in Milan, Via Balzan 3.

The Shareholders' Meeting will be called – in ordinary session – to vote on the:

- approval of the Company's Financial Statements for 2012;
- appointment of directors through the possible redetermination of the number of members of the Board of Directors (in light of the resignation of Giuseppe Vita, Paolo Merloni and Andrea Campanini Bonomi and the end of term of office of Laura Mengoni, co-opted with Board resolution on 12 February 2013);
- Remuneration Report (prepared in particular in accordance with the provisions of article 123-ter of Italian Legislative Decree no. 58/1998);

The Shareholders' Meeting – in extraordinary session – is expected to vote on:

- amendment of articles 5, 8 and 19 of the Articles of Association (in particular, for article 5, the proposal to include the possibility of excluding an option right for rights issues limited to 10% of share capital at the conditions required by law);
- elimination of the express indication of share nominal value, with consequent amendment of articles 5, 24 and 25 of the Articles of Association;



- the measures in accordance with article 2446 of the Italian Civil Code for the capital injection for the Company, as described above.

The Board has resolved to appoint independent director Laura Mengoni to the Remuneration and Appointments Committee, following the resignation of Andrea Campanini Bonomi.

The Board acknowledged that on 26 April 2013 the shareholders DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., Dorint Holding S.A. and Edizione S.r.l. – which, based on the communications required by law, own a total of approximately 13.8% of RCS MediaGroup’s ordinary share capital – wrote to the Company with regard to releases issued by the Company on 27 March and 14 April 2013 in relation to the planned capital injection of the Company and the correlated refinancing of expiring bank debt. These shareholders stated that, based on their reading of said releases, they consider it fair and transparent conduct to state in advance, prior to the Shareholders’ Meeting to be called, that they are unwilling to approve a capital injection structured in such manner.

Roberto Bonalumi, the Director responsible for drawing up the company’s accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance (Testo Unico della Finanza, TUF), that the information contained in this press release accurately represents the figures contained in the Group’s accounting records.

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RCS MediaGroup S.p.A.
Reclassified income statement

Figures not subject to audit

<i>(Values in EUR million)</i>	1st quarter 2013		1st quarter 2012		Difference
	%	%	%	%	
	A	B	A	B	A-B
Net revenue	149.0	100.0	182.8	100.0	(33.8)
Operating costs	(112.1)	(75.2)	(121.1)	(66.2)	9.0
Cost of labour	(117.8)	(79.1)	(54.6)	(29.9)	(63.2)
Provisions for risks	(1.3)	(0.9)	(1.4)	(0.8)	0.1
Receivable impairment	(1.4)	(0.9)	(1.1)	(0.6)	(0.3)
EBITDA (1)	(83.6)	(56.1)	4.6	2.5	(88.2)
Intangible asset amortisation	(3.9)	(2.6)	(3.8)	(2.1)	(0.1)
Property, plant and equipment depreciation	(5.7)	(3.8)	(6.0)	(3.3)	0.3
Non-current asset impairment	(1.8)	(1.2)	-	-	(1.8)
EBIT	(95.0)	(63.8)	(5.2)	(2.8)	(89.8)
Net financial income (expense)	(4.8)	(3.2)	(2.8)	(1.5)	(2.0)
Income (expense) from financial assets/liabilities	(2.5)	(1.7)	(0.1)	(0.1)	(2.4)
EBT	(102.3)	(68.7)	(8.1)	(4.4)	(94.2)
Income taxes	26.9	18.1	2.0	1.1	24.9
Profit (loss) from continuing operations	(75.4)	(50.6)	(6.1)	(3.3)	(69.3)
Profit (loss) from discontinued operations	(2.6)	(1.7)	-	-	(2.6)
Profit (loss) for the period	(78.0)	(52.3)	(6.1)	(3.3)	(71.9)

(1) Considered as the operating income before depreciation, amortisation and write-downs.



RCS MediaGroup S.p.A.
Reclassified balance sheet

Figures not subject to audit

<i>(Values in EUR million)</i>				
	31 March 2013	%	31 December 2012	%
Property, plant and equipment	174.3	14.7	267.3	19.5
Intangible assets	75.9	6.4	78.5	5.7
Financial assets	1,187.4	100.2	1,197.4	87.5
Net non-current assets	1,437.6	121.3	1,543.2	112.8
Inventories	18.7	1.6	17.5	1.3
Trade receivables	205.7	17.3	250.9	18.3
Trade payables	(217.7)	(18.4)	(233.1)	(17.0)
Other assets/liabilities	(87.9)	(7.4)	(98.4)	(7.2)
Net Working Capital	(81.2)	(6.8)	(63.1)	(4.6)
Employee benefits	(52.2)	(4.4)	(50.9)	(3.7)
Provisions for risks and charges	(107.0)	(9.0)	(49.2)	(3.6)
Deferred tax liabilities	(11.6)	(1.0)	(12.1)	(0.9)
Net Operating Capital Invested	1,185.6	100.0	1,367.9	100.0
Net Invested Capital - discontinued operations	121.0		-	
Net Invested Capital	1,306.6	100.0	1,367.9	100.0
Shareholders' equity	138.8	11.7	215.5	15.8
Net financial debt (cash and cash equivalents) (1)	1,167.8	98.5	1,152.4	84.2
Total sources of financing	1,306.6	100.0	1,367.9	100.0

(1) The financial ratio determined as the result of current and non-current financial payables net of cash and cash equivalents as well as current and non-current financial assets related to derivatives.

RCS MediaGroup S.p.A.
Statement of cash flows
Figures not subject to audit

(EUR million)	1st quarter 2013	1st quarter 2012	Financial Year 2012
A) Cash flow from operations			
Profit (loss) from continuing operations before taxes	(102.3)	(8.1)	(510.9)
Profit (loss) from discontinued operations	(2.6)	-	-
Amortisation, depreciation and write-downs	11.4	9.8	52.3
Equity investment write-downs/revaluations	4.8	-	559.1
Result of net financing activities (including dividends received)	4.9	3.8	(96.0)
Increase (decrease) of provisions	57.2	(4.6)	5.0
Changes in working capital	18.5	26.0	(20.4)
Changes in working capital for current taxes	(0.2)	(4.2)	(14.7)
Total	(8.3)	22.7	(25.6)
B) Cash flow from investing activities			
Investments in equity investments (net of dividends received)	(1.1)	(130.2)	(377.2)
Investments in non-current assets	(4.7)	(7.4)	(30.8)
Other changes	-	(2.1)	-
Total	(5.8)	(139.7)	(408.0)
<i>Free cash flow (A+B)</i>	<i>(14.1)</i>	<i>(117.0)</i>	<i>(433.6)</i>
C) Cash flow from financing activities			
Net change in financial debts and other financial assets	12.1	126.0	471.5
Financial interest collected/paid	(5.0)	(3.0)	(15.2)
Total	7.1	123.0	456.3
Net increase (decrease) in cash and cash equivalents (A+B+C)	(7.0)	6.0	22.7
Cash and cash equivalents at the beginning of the period	(12.0)	(34.7)	(34.7)
Cash and cash equivalents at the end of the period	(19.0)	(28.7)	(12.0)
Increase (decrease) for the period	(7.0)	6.0	22.7

ADDITIONAL DISCLOSURES FOR THE STATEMENT OF CASH FLOWS
(Values in EUR million)

Cash and cash equivalents at the beginning of the period, breakdown	(12.0)	(34.7)	(34.7)
Cash and cash equivalents	1.7	2.4	2.4
Current payables due to banks	(13.7)	(37.1)	(37.1)
Cash and cash equivalents at the end of the period	(19.0)	(28.7)	(12.0)
Cash and cash equivalents	3.8	3.5	1.7
Current payables due to banks	(22.8)	(32.2)	(13.7)
Increase (decrease) for the period	(7.0)	6.0	22.7

(*) Including as per CONSOB Resolution no. 15519 of 27 July 2006.