



Press Release

RCS MediaGroup Board of Directors

Proposal to convert Class A and Class B Saving Shares into RCS MediaGroup ordinary shares

Proposal to amend article 11 of the By-Laws regarding governance: number of Directors from a minimum of seven to a maximum of eleven; two thirds reserved to the majority list and one third to the other lists.

Calling of Special Meetings of Saving Shareholders (6 May 2014) and an Ordinary and Extraordinary Shareholders Meeting (8 May 2014)

Milan, 28 March 2014 – The Board of Directors of RCS MediaGroup, meeting today under the chairmanship of Angelo Provasoli, has passed the following resolution.

Conversion of Class A and Class B Saving Shares into RCS ordinary shares.

The Board resolved to call an Extraordinary Shareholders Meeting to propose the voluntary and obligatory conversion of Class A and Class B Saving Shares into RCS ordinary shares, with the following simultaneous provisions:

- the faculty of holders of Class A and Class B Saving Shares to convert their shares into RCS ordinary shares on the basis of (i) 1 ordinary share for each Class A Saving Share, with payment of a difference of Euro 0.26 and (ii) 1 ordinary share for each Class B Saving Share, with payment of a difference of Euro 0.68 (“**Voluntary Conversion**”) and
- the obligatory conversion of Class A and Class B Saving Shares in circulation at the end of the period of Voluntary Conversion into RCS ordinary shares on the basis of (i) a conversion ratio of 0.77 ordinary shares for each Class A Saving Share, without the payment of any difference and without any reduction of the corporate capital, and (ii) a conversion ratio of 0.51 ordinary shares for each Class B Saving Share, without the payment of any difference and without any reduction of the corporate capital (the “**Obligatory Conversion**” and, jointly with the Voluntary Conversion, the “**Conversion**”).

The above conversion ratios incorporate the following implicit premiums:

	Voluntary Conversion of Class A Saving Shares	Obligatory Conversion of Class A Saving Shares	Voluntary Conversion of Class B Saving Shares	Obligatory Conversion of Class B Saving Shares
Size of the premium compared to the price on 28 March 2014	12.7%	2.4%	20.2%	2.1%
Size of the premium compared to the average price during the month before 28 March 2014	19.6%	9.1%	38.7%	19.4%
Size of the premium compared to the average price during the 3-month period before 28 March 2014	31.7%	21.8%	46.8%	33.5%
Size of the premium compared to the average price during the 6-month period before 28 March 2014	42.7%	33.2%	58.6%	49.0%

These terms incorporate a higher implicit premium for those who opt for the Voluntary Conversion rather than the Obligatory Conversion because the Company intends to incentivize holders of Saving Shares who decide to increase their investment in the Company.

The proposed Conversion has the aim of (i) simplifying the structure of the Company share capital and (ii) increasing the liquidity and level of outstanding ordinary shares. Due to the cash payment that will be made as a difference by holders of Saving Shares who opt for the Voluntary Conversion, the capital structure of the Company will also be strengthened.

The proposed Conversion intends to reach the objective of the Conversion of all Saving Shares in circulation, according to the prerogatives of the holders. Within this framework:

- a. the Voluntary Conversion and Obligatory Conversion of Class A and Class B Saving Shares are conditional, pursuant to section 146, paragraph 1, subsection b) of Legislative Decree no. 58 of 24 February 1998, upon the approval of the proposed Obligatory Conversion by the relevant Special Shareholders Meetings;
- b. the Obligatory Conversion of Class A Saving Shares is additionally conditional upon the circumstance in which the overall value of the liquidation of Class A Saving Shares for which their holders exercise the right to withdraw from the Company does not exceed Euro 3 million (this sum could be increased by any difference, if positive, between the sum of Euro 2 million and the overall value of the liquidation of Class B Saving Shares for which holders have exercised the right to withdraw from the Company, as specified below in paragraph c.);
- c. the Obligatory Conversion of Class B Saving Shares is additionally conditional upon the circumstance in which the overall value of the liquidation of Class B Saving Shares for which holders exercise the right to withdraw from the Company does not exceed Euro 2 million (this sum could be increased by any difference, if positive, between the sum of Euro 3 million and the overall value of the liquidation of Class A Saving Shares for which holders have exercised the right to withdraw from the Company, as specified above in paragraph b.).

The conditions specified in paragraphs b. and c. above have been established in the exclusive interests of the Company, which shall have the faculty to waive the option.

As of the present moment, it is expected that the operation shall be carried out according to the following schedule:

- i. 6 May 2014: Special Class A and Class B Saving Shareholders Meetings;
- ii. 8 May 2014: Extraordinary Shareholders Meeting;
- iii. after transcription into the Milan Companies Register of resolutions *sub* i. and ii.:
 - start of the 15-day period for the exercise of the right to withdraw of holders of Class A Saving Shares and/or holders of Class B Saving Shares who did not vote in favour of the

relevant resolutions (pursuant to section 2437-ter of the Civil Code, the value of liquidation of the Saving Shares held by those withdrawing from the Company shall be published in the newspaper *Corriere della Sera* and on the Company website by the date established by current regulations);

- start of the period for exercising the Voluntary Conversion option (the start date and duration shall be agreed by the Company and Borsa Italiana S.p.A. [The Italian Stock Exchange] and shall be notified to the market according to current regulations);
- iv. at the end of the period for the exercise of the right to withdraw: assessment of whether the conditions have been met relating to the value of the liquidation of the Saving Shares for which holders exercised their right to withdraw (and, if the conditions have been met, the decision whether or not to waive the option);
- v. at the end of the period for the exercise of the Voluntary Conversion,
 - if the condition *sub* iv. has not been met with reference to both classes of Saving Shares or the Company has waived the option: execution of the Obligatory Conversion of both classes of Saving Shares and start of the optional sales procedure for the Saving Shares for which the right to withdraw has been exercised;
 - if the condition *sub* iv. has been met solely with reference to Class A Saving Shares: execution of the Obligatory Conversion of Class A Saving Shares and start of the optional sales procedure for Class A Saving Shares for which holders have exercised the right to withdraw;
 - if the condition *sub* iv. has been met solely with reference to Class B Saving Shares: execution of the Obligatory Conversion of Class B Saving Shares and start of the optional sales procedure for Class B Saving Shares for which holders have exercised the right to withdraw;
 - if the condition *sub* iv. has not been met with reference to both classes of Saving Shares and the Company has not waived its option: no execution of the Obligatory Conversion of both classes of Saving Shares and ineffectiveness of the declarations exercising the right to withdraw.

At the outcome of the operation, the Saving Shares converted shall be revoked on the MTA organized and managed by Borsa Italiana S.p.A. and the ordinary shares resulting from the Conversion shall be traded on the MTA organized and managed by Borsa Italiana S.p.A.

The Board of Directors was assisted by Citigroup Global Markets Limited as financial advisor.

Pursuant to section 72 of the Regulation adopted with CONSOB Resolution no. 11971 dated 14 May 1999, the Report shall be made published on the Company website www.rcsmediagroup.it (Governance/Shareholders Meetings/2014 section).

Proposal to amend article 11 of the By-Laws regarding governance: number of Directors from a minimum of seven to a maximum of eleven; two thirds reserved to the first list and one third to the other lists.

The Board has resolved to recommend to the Extraordinary Shareholders Meeting an amendment to article 11 of the By-Laws with relation to the composition of the Company Board of Directors.

The proposed amendment is as follows:

- the number of members of the Board of Directors shall be between seven and eleven;



- the **Majority list shall have two thirds of the number of members** of the Board of Directors (rounded down to the nearest whole number);

- **other lists – different and not associated with the Majority list – shall have one third** of the number of members of the Board of Directors **in proportion to the votes obtained** by each list.

Unchanged is the condition, already enshrined in article 11, paragraph 15, of the Articles of Association, according to which, for the application of the list vote, lists shall be disregarded which do not obtain votes which are at least equal to half of those required for the presentation of the lists included in the voting.

Resignation of the Statutory Auditor Franco Dalla Sega from the date of the next Shareholders Meeting

The Board acknowledges the resignation – submitted today – due to additional professional duties, to take effect from the date of the next Shareholders Meeting, of the executive Statutory Auditor Franco Dalla Sega. The Board thanks Franco Dalla Sega for his work and commitment.

Calling of an Ordinary and Extraordinary Shareholders Meeting and of Special Meetings of Saving Shareholders

The Board of Directors has called a combined Ordinary and Extraordinary Shareholders Meeting to take place on 8 May 2014 in the offices of the Company in Milan, Via Balzan 3.

The Shareholders Meeting – in ordinary session – shall pass resolutions on the following:

- approval of the Financial Statements for the period ended 31 December 2013;
- integration of the Board of Directors, with appointments of two Directors;
- integration, as required, to the Board of Statutory Auditors;
- Remuneration Report;
- approval of an authorization to dispose of Treasury Shares.

The Shareholders Meeting – in extraordinary session – shall pass resolutions on the following:

- the proposal to convert Class A and Class B Saving Shares into ordinary Shares;
- the proposal to amend article 11 of the Articles of Association.

In addition, the Board of Directors has called:

- the Special Meeting of Class A Saving Shareholders, in a single session, on 6 May 2014, to take place in the offices of the Company in Milan, Via Angelo Rizzoli 8, to approve, pursuant to section 146, paragraph 1, subsection *b*) of Legislative Decree 58/1998, the proposed Obligatory Conversion of Class A Saving Shares;
- the Special Meeting of Class B Saving Shareholders, in a single session, on 6 May 2014, to take place in the offices of the Company in Milan, Via Angelo Rizzoli 8, to approve, pursuant to section 146, paragraph 1, subsection *b*) of Legislative Decree 58/1998, the proposed Obligatory Conversion of Class B Saving Shares;



Notice of the above Shareholders Meetings shall be published on the Company website www.rcsmediagroup.it (Governance/Shareholders Meetings/2014 section) and excerpts shall be published in the newspaper Corriere della Sera by the date established by current regulations.

Finally the Board has initiated a wide-ranging review of all the Group's remuneration structures and, in this context, has accepted the management's recommendation that the long-term incentive scheme applying to a defined group of executives (described in detail in the Remuneration Report to be published by the statutory date) be suspended until such time as the Group returns to profit.

For further information:

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