



## PRESS RELEASE

### Pursuant to Article 114 of Legislative Decree no. 58 of 24<sup>th</sup> February, 1998

RCS MediaGroup S.p.A. ("RCS") today carried out a number of transactions in Dada S.p.A. ("Dada") ordinary shares. These transactions all took place simultaneously and were interlinked.

In particular, by exercising its call options rights (subscribed and notified to the market on the 28th and 31st of October, 2005) RCS (i) purchased 2,862,384 Dada shares representing about 18% of Dada share capital, thereby increasing its stake in Dada share capital from 23.5% to about 41.6% and (ii) entered into a shareholders' agreement to create a voting and veto syndicate over Dada shares, as well as into further agreements relating to Dada shares with certain Dada shareholders. Accordingly and on the basis of the provisions contained in the shareholders' agreement, RCS is now obliged to launch a mandatory public offer on all outstanding ordinary Dada shares.

The entire operation is in line with a business vision which sees the internet channel as the main growth market for the publishing industry and is aimed at promoting online publishing by merging Dada's web skills and offer mobility services and experience in the management of the largest Italian web community with RCS Group wide publishing portfolio, leveraging its strong brands.

#### 1. Latest Dada shares purchases by RCS

On 28th October, 2005 RCS bought on the institutional market 1,300,000 Dada shares, representing about 8.2% of Dada ordinary share capital, at a price of Euro 14.2692 per share. Following this transaction, RCS's stake in Dada rose from 15.3% to about 23.5%. Again on 28th October, 2005 RCS negotiated with a leading brokerage house the purchase of a call option (maturing by 15th November 2005) over a further 1,462,384 Dada shares representing about 9.2% of Dada share capital, at a strike price of Euro 13.4 plus a Euro 0.90 premium per share.

On 31<sup>st</sup> October, 2005 RCS negotiated, with a leading brokerage house the purchase of further call options (maturing before 15th November 2005) over a total of 1,400,000 Dada shares, representing about 8.8% of Dada share capital, at a strike price of Euro 13.80 plus a Euro 0.50 premium per share.

Today, RCS exercised all the above mentioned call options relating to a total of 2,862,384 Dada shares (representing about 18% of Dada share capital) and, accordingly, RCS stake in Dada share capital increased to about 41.6%.

Pursuant to articles 102, 106, paragraph 1 and 109, paragraph 1 (a) of Legislative Decree no. 58 of 24<sup>th</sup> February 1998, as subsequently amended by the Italian Financial Services Act ("**Financial Act**" or "**TUF**"), following (i) the exercise of the above call options and the resulting increase of the RCS stake in Dada's capital to about 41.6% and (ii) the execution of the Shareholders' Agreement (as defined under paragraph 2 below), the relevant threshold equal to 30% of the Dada's share capital is now exceeded; as a consequence, RCS and the Shareholders (as defined under paragraph 2 below) are now obliged to launch a public offer on Dada's entire share capital ("**Offer**").

#### 2. The Shareholders' Agreement

RCS today also executed, with certain Dada shareholders (namely Paolo Barberis, Angelo Falchetti, Alessandro Sordi, Jacopo Marellò and Marco Argenti, hereinafter collectively "**Shareholders**") a

shareholders' agreement relating to their stakes in Dada ("**Shareholders' Agreement**"). The Shareholders together hold a total of 2,327,622 Dada ordinary shares, representing approximately 14.7% of Dada share capital. RCS holds 6,580,341 ordinary Dada shares, representing 41.6% of Dada's share capital. RCS and the Shareholders have collectively contributed in the Shareholding Agreement all the 8,907,963 Dada shares currently owned by them, namely a total shareholding equal to about 56.3% of Dada ordinary shares.

According to the Shareholders' Agreement, the Offer will be launched by RCS on behalf of all the other signatories to the Agreement. Accordingly, RCS shall be exclusively liable for the full payment of the price of Dada shares pursuant to the Offer.

The Shareholders Agreement allows RCS and the Shareholders to combine their respective holdings in Dada so that they may identify common business and corporate strategies to further Dada's operations and governs, *inter alia*:

- (a) the terms and conditions of the Offer and, in particular, RCS's exclusive obligation to make the Offer and procure any relevant cash confirmation (guarantee) required in connection with the Offer, pursuant to paragraph 2 of article no. 102 of the Financial Act;
- (b) the Shareholders' undertaking not to accept the Offer or any other concurrent or alternative public purchase offer launched by any other party in connection with Dada shares;
- (c) a series of restrictions on the transferability of the shares contributed in the Shareholders' Agreement and an undertaking by the Shareholders not to purchase (without RCS prior written consent) any other Dada shares in addition to those held by them on the date of execution of the Shareholders' Agreement, except for any Dada shares which may be allocated to them pursuant to stock option plans already approved or which will be approved in the future;
- (d) the obligation by the parties to seek prior mutual agreement at Dada's general meeting and/or board of director meetings to deliberate over the company's management and strategies, by setting up and operating a consulting body (i.e., a steering committee – comprised of four members, two of which will be designated by RCS and the other two by the Shareholders upon prior mutual agreement – which shall deliberate with a majority of three members out of four on a number of relevant matters) whose decision shall be binding for all the parties to the Shareholders Agreement;
- (e) a number of rights in Dada shares, among which (i) a call option relating to 500,000 outstanding Dada shares to be exercised by the Shareholders with RCS, upon termination of the Shareholders' Agreement and (ii) RCS first offer right on any Dada shares offered for sale by the Shareholders;
- (f) the undertaking by the party to take all necessary measures so that (i) by the date of approval of the accounts for the financial year at 31st December 2005 at the latest, Dada's general meeting approves a resolution fixing the number of directors at 13, of which six directors plus two independent directors shall be appointed upon designation of RCS' representative, and four directors plus one independent director shall be appointed upon designation by the Shareholders' representative and (ii) the chairman of the Dada's board of directors shall be appointed upon designation of RCS' representative (with the prior approval of the Shareholders' representative) and the managing director shall be Mr. Angelo Falchetti and, in case of revocation, resignation or termination for any reason whatsoever, shall be appointed upon designation by the Shareholders' representative (with the prior approval of the RCS' representative);
- (g) the undertaking by RCS that Dada shares shall continue to be listed on the MTAX index of the Italian Stock Exchange (*Borsa Italiana S.p.A.*), even following the Offer;
- (h) the undertaking by RCS not to acquire any interests and/or make any investment of any kind in companies which are direct or indirect competitors of Dada in one of its current business sectors.

The Shareholders' Agreement shall be published in accordance with the regulations currently in force.

In accordance with the provisions set forth in the Shareholders' Agreement, and in particular to letter (f) above, RCS has designated Paolo Barberis as chairman of the Dada's board of directors.

### **3. Notice to the Antitrust Authority**

On 11 November 2005, RCS and the Shareholders notified the Italian Antitrust Authority (*Autorità Garante della Concorrenza e del Mercato*), exclusively for regulatory purposes in accordance with article 16 of law no. 287 of 10th October 1990, of the acquisition of a joint controlling interest in Dada following the execution of the Shareholders' Agreement.

If the Antitrust Authority believes that the execution of the Shareholders' Agreement (and the consequent joint control by RCS and the Shareholders over Dada's governance) might determine or strengthen a dominant position in the relevant market(s), the Authority will inform the parties about the opening of proceeding on the above transaction, pursuant to paragraph 4 of the above mentioned article 16, within 30 days from the above notice. Alternatively, should the Antitrust Authority deem such investigation unnecessary, it will notify its conclusions on the matter.

It is likely that the deadline for the notification of the Antitrust Authority decision will be extended, since, pursuant to paragraph 6 (c) of article 1, no. 11 of law no. 249 of 31<sup>st</sup> July 1997, in order to assess any operations in the telecommunications sector the Antitrust Authority must obtain a prior non-binding opinion from the Italian Regulator for the Telecommunication Industry (*Autorità Garante delle Comunicazioni*). The above opinion may be delivered to the Antitrust Authority within 30 days from the date of its request.

### **4. The Material Terms and Conditions of the Offer**

Pursuant to the provisions set forth under articles 106, paragraphs 1 and 109, paragraph 1 (a) of the Financial Act, upon exercise by RCS of the call options which gave rise to the acquisition of a stake of approximately 41.6% of Dada capital and the concurrent execution of the Shareholders' Agreement (whose contents are relevant in accordance with article 122 of the TUF), RCS and the Shareholders are jointly obliged to launch the Offer. The above joint obligation shall however be performed, in accordance with the terms and conditions of the Shareholders' Agreement, exclusively by RCS, which shall bear all the relevant costs including the payment of the price of the Offer and shall indemnify and keep indemnified the Shareholders against any obligation in connection therewith.

The Offer, which is mandatory pursuant to article 106, paragraphs 1 and 109, paragraph 1 (a) of the Financial Act, shall not be subject to any condition, nor to the fulfilment of a minimum acceptance rate and shall be addressed to all Dada shareholders (except for the Shareholders, since - upon executing the Shareholders' Agreement - they are jointly obliged, with RCS, to launch the Offer), on an equal treatment.

The Offer will be launched on 6,927,878 Dada ordinary shares, representing 43.7% of Dada ordinary share capital and all remaining Dada ordinary shares, net of the 8,907,963 ordinary shares cumulatively held by RCS and by the Shareholders, as of today.

RCS shall pay to each shareholder accepting the Offer a cash price equal to Euro 12,75 for each share. The price will be determined, pursuant to article 106, paragraph 2 of the Financial Act as the arithmetic average of the following values:

- (i) the weighted average market price (of the Dada shares) as resulting between November 11, 2004 and November 10, 2005, equal to Euro 11,19, considering that the press release (pursuant to article 114 of the TUF), containing all the material terms and conditions of the Offer in order to allow the beneficiaries of the Offer to form a reasoned opinion, has been published today; and
- (ii) the higher price agreed in the last 12 months by the offeror (or by the Shareholders, pursuant to paragraph 1 (a) of article 109 of the Financial Act) for the purchase of ordinary Dada shares,



equal to Euro 14.30 per share (inclusive of any premiums paid), to be paid by RCS for the purchase of 2,862,384 Dada shares (representing about 18% of Dada share capital) upon the exercise of the call options, which took place today.

Based on the above mentioned share price, the total value of the Offer shall be equal to Euro 88,330,445.

If all shareholders accept the Offer, RCS shall own up to about 85.3% of Dada ordinary share capital.

If, upon the closing of the Offer, the total stake acquired by RCS (taking also into account the participation held by the Shareholders), either pursuant to the Offer or by other acquisitions made outside the Offer, but before the Offer closing date, is higher than 90%, but lower than 98% of Dada ordinary shares, RCS (in accordance with paragraph 1 of article 108 of the TUF), shall reinstate, within 120 days from the date of payment of the Offer price and upon the terms and conditions which shall be deemed appropriate based on market requirements, a free float sufficient to grant a regular market trading of the shares.

If, upon the closing of the Offer, the total stake acquired by RCS (taking also into account the participation held by the Shareholders), either pursuant to the Offer or by other acquisitions made outside the Offer, but before the Offer closing date, is higher than 98% of Dada shares, RCS shall refrain from exercising its right to purchase the remaining Dada shares, in accordance with article 111 of the Financial Act, and reinstate, within 120 days from the date of payment of the Offer price and upon the terms and conditions which shall be deemed appropriate based on market requirements, a free float sufficient to grant a regular market trading of the shares.

This Offer is not subject to any authorisation. As set out in paragraph 3 above, on November 11, 2005, RCS and the Shareholders, in accordance with article 16 of law no. 287/1990, sent to the Antitrust Authority a prior notice concerning the acquisition of a joint controlling interest in Dada, through the execution of the Shareholders' Agreement.

## **5. The scope of the transaction**

Following the exercise of the call options and the launch of the Offer, RCS wishes to become the new controlling shareholder of the Dada Group in order to ensure stability of the shareholding and enhancing the profitability of the investment through the development of appropriate business strategies and synergies and an aggressive cross-selling policy.

Accordingly, the Shareholders and RCS have entered into the Shareholders Agreement in order to ensure that Dada, its management and staff and all its shareholders may enjoy the benefits of a stable and balanced shareholding and a strategic development plan aimed at leveraging Dada's core business in the long- to medium-term and the existing synergies with a leading publishing company such as RCS.

The transaction is in line with RCS strategy to grow its online business, which has shown a significant increase both in terms of readers and advertising income. RCS is already a player in the Italian and Spanish markets, where it sells information products and services. Dada is, on the other hand, the Italian market leader in web and mobile phone entertainment products and services, which it is about to launch on other International markets. The transaction and the increased cooperation between the two companies shall therefore broaden their respective client base and enhance the range of services, as well as generate higher international growth.

## **6. Funding of the Offer and performance guarantees**

If the Offer is subscribed by all the shareholders and all outstanding Dada shares are purchased by RCS, the total maximum price shall be equal to Euro 88.330.445 ("**Global Price**").

RCS undertakes to provide, within the term of the Offer, performance guarantees represented by cash or short-term liquid instruments, as well as adequate existing long-term credit lines in an amount largely exceeding the Global Price. Alternatively, RCS shall ensure the release of immediately



available credit lines, from leading national and/or international banks of good reputation and standing, issued exclusively to guarantee the payment of the Offer price.

## **7. Consultants**

Merrill Lynch advises RCS on the Offer. Merrill Lynch also assisted RCS in the transactions for the purchase of Dada ordinary shares, prior to the Offer.

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This press release, issued in accordance with article 114 of the Financial Act and article 66 of CONSOB Regulation no. 11971/99, as subsequently amended ("**CONSOB Regulation**"), contains all the material terms and conditions of the Offer, needed for an accurate and exhaustive assessment of the Offer and to allow the market to form a reasoned opinion on the above transaction. It should be noted, however, that the notice pursuant to article 102 of the TUF and article 37 of CONSOB Regulation together with the relevant offer documentation shall be sent by CONSOB within the statutory term, namely by 9 December, 2005.

Milan, 11 November, 2005

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