IMPORTANT NOTICE

ENGLISH TRANSLATION FOR CONVENIENCE ONLY

This is a **non-binding English courtesy translation** of the Supplement to the Offer Document published on 22 June 2016, in respect of the voluntary public exchange tender offer launched by Cairo Communication S.p.A. pursuant to Articles 102 and 106, paragraph 4, of Legislative Decree no. 58/98, concerning all the ordinary shares of RCS MediaGroup S.p.A..

This translation **is to be intended** as a mere help to those shareholders of RCS MediaGroup S.p.A. who do not know the Italian language and, nonetheless, represent and certify under their own responsibility: *(i)* that they are aware that the Offer is addressed to all ordinary shareholders of RCS MediaGroup S.p.A. but it is promoted (and, therefore, valid) only in Italy; and *(ii)* that they are not resident in Countries, other than Italy, in which the Offer may not be disseminated without specific authorization by the competent authorities; or *(iii)* in any case, that they are legally entitled to tender their shares in accordance with the applicable laws of their own jurisdiction.

This translation is produced for convenience only and was neither reviewed nor approved by Consob. The Italian version of the Supplement to the Offer Document, which was approved by Consob on 22 June 2016, is the only official and binding document for the purposes of the Offer, and shall prevail in any event over this English version.

Cairo Communication S.p.A. does not accept any liability to any person in relation to *(a)* the acceptance of the Offer by persons who are not entitled to adhere under the laws applicable in their jurisdiction; *(b)* the distribution or possession of this document in or from any jurisdiction.

SUPPLEMENT TO THE OFFER DOCUMENT

VOLUNTARY FULL PUBLIC EXCHANGE OFFER
pursuant to Articles 102 and 106, paragraph 4, of Legislative Decree no. 58 of 24 February 1998.

FOR THE ORDINARY SHARES OF
RCS MediaGroup S.p.A.

OFFEROR
Cairo Communication S.p.A.

CAIROCOMMUNICATION

FINANCIAL INSTRUMENTS INVOLVED IN THE BID
up to 521,864,957 ordinary shares of RCS MediaGroup S.p.A. with no par value

UNITARY CONSIDERATION OFFERED
0.16 newly issued ordinary Cairo Communication S.p.A. shares listed on the "Mercato Telematico Azionario" organised and managed by Borsa Italiana S.p.A. for each ordinary RCS MediaGroup S.p.A. share tendered to the offer

OFFER ACCEPTANCE PERIOD AGREED WITH BORSA ITALIANA S.P.A.
from 8:30 a.m. of 13 June 2016 to 5:30 p.m. of 15 July 2016 inclusive (unless extended in accordance with applicable laws)

CONSIDERATION PAYMENT DATE
22 July 2016, unless extended

OFFEROR'S FINANCIAL ADVISORS AND COORDINATORS OF THE COLLECTION OF ACCEPTANCES

Banca IMI S.p.A. — EQUITA SIM S.p.A.

GLOBAL INFORMATION AGENT

Georgeson S.r.l. — Sodali S.p.A.

This supplement (the "**Supplement**") must be read together with - and is an integral part of - the offer document (the "**Offer Document**") published in the forms of law on 28 May 2016, after the approval pursuant to CONSOB Resolution no. 19619 of 28 May 2016. The Offer Document, taken together with the supplement, contains, also with the incorporation of additional details by means of references, the information required by Regulation no. 809/2004/EC for the offer and the listing of the Cairo Communication S.p.A. shares to be assigned to those who accept the offer, as consideration, in exchange for the RCS MediaGroup S.p.A. shares tendered to the offer, pursuant to Articles 34-*ter*, paragraph 1, letter j) and 57, paragraph 1, letter c), of the regulation adopted by CONSOB with Resolution no. 11971 on 14 May 1999.

The approval of this Supplement, pursuant to Resolution no. 19645 of 22 June 2016, does not imply any opinion on the part of CONSOB on the suitability of acceptance or on the merits of the data and information contained in this document.

22 June 2016

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On page 1 of the Offer Document, the Paragraph "*Warnings to investors*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is crossed out).

WARNINGS TO INVESTORS

To correctly assess the investment, those to whom the offer is addressed are invited to carefully evaluate all the information as a whole contained in the Offer Document and the specific warnings given in the Warnings Section of the Offer Document.

In particular, the investors' attention is drawn to what is indicated here following.

* * *

The effectiveness of the Offer depends on the fulfilment of the Conditions of Effectiveness of the Offer described in Paragraph A.1.1.a., Warnings Section, of the Offer Document. The cases in which the Offeror reserves the right to waive (entirely or in part) and/or to modify Conditions of Effectiveness of the Offer, and the terms and procedures under which the Offeror will communicate the fulfilment or the non-fulfilment of the Conditions of Effectiveness of the Offer, and the possible waiver (in whole or in part) and/or amendment to the Conditions of Effectiveness of the Offer, are described in Paragraph A.1.1, Warnings Section, of the Offer Document.

If the Offer is successful, Cairo Communication will acquire control of RCS and, therefore, the RCS Group will be included in the consolidated companies of Cairo Communication.

The investors' attention is drawn to the fact that, **with the press release issued on 16 June 2016, RCS has disclosed the undersigning of the agreement which amends the loan agreement entered into on 14 June 2013 between RCS and the Lending Banks, according to the terms and conditions already communicated on 18 May 2016** ~~on the Offer Document Date, negotiations are in progress between RCS and the Lending Bank regarding the remodelling of the debt deriving from the loan agreement entered into on 14 June 2013 between RCS and the Lending Banks~~. On the basis of the information publicly available, at 31 March 2016 the remaining amount of the loan totalled EUR 418.6 million, included in total net financial indebtedness at that date of EUR 509.1 million. ~~According to what is reported in the press release issued by RCS on 18 May 2016, "two of the lending banks have resolved favourably and the other lending banks will submit the remodelling case to their respective boards in the period between 20 May 2016 and 7 June 2016".~~

On the Offer Document Date the operational restructuring of the RCS Group is also in progress, according to the strategic guidelines of the business plan for the three-year term 2016–2018 (the "2016–2018 Plan"), presented by RCS to the market on 21 December 2015.

We also call the investors' attention to the fact that, as indicated under point (2) of Paragraph A.1.1.b, Warnings Section, of the Offer Document, **taking into account what was disclosed by RCS on 16 June 2016,** Cairo Communication reserves the right to waive the Financial Condition if, among other things, the Lending Banks of RCS (A) ~~have resolved to approve the term sheet for the restructuring of the debt deriving from the loan agreement of 14 June 2013, at terms and conditions each of which are not pejorative compared to the terms and conditions communicated by RCS to the market on 18 May 2016 (the "RCS Refinancing Terms and Conditions"), and the said Lending Banks~~ have informed Cairo Communication that they waive (or they have assured Cairo Communication that they have submitted the decision to waive to their own governing bodies, expressing a favourable opinion,) their right to request the early repayment of the debt deriving from the loan agreement of 14 June 2013 pursuant to the change of the control of RCS which may result from the successful conclusion of the Offer; or (B) other lenders, if one or more of the Lending Banks are not willing to waive the right of exercising the power to request the early reimbursement referred to in the preceding letter (A), have promised Cairo Communication (or they have assured Cairo Communication that they have submitted the decision to their governing body accompanied by a favourable opinion) to re-finance the portion of the principal sum deriving from the loan agreement of 14 June 2013 lent by the institutes that have not agreed to waive the power to request the early repayment referred to in letter (A) above, under terms and conditions none of which is pejorative compared to the corresponding **terms and conditions disclosed by RCS to the market on 18 May 2016 (the "RCS Refinancing Terms and Conditions")** ~~the RCS Refinancing Terms and Conditions~~.

~~However, we point out that, at the Document Offer Date, the results of the negotiations between RCS and the Lending Banks regarding the remodelling of the debt pursuant to the loan agreement of 14 June 2013 are still uncertain and, therefore, at the Offer Document Date, it is unknown what impact – in the case of the circumstance referred to under point (2) of Paragraph A.1.1.b, Warnings Section of the Offer Document – there could be on the economic, equity and financial situation of the Post-Offer Cairo Communication Group subsequent to the conclusion of the possible agreement amending the loan agreement.~~

We point out that the Offer Document contains *pro-forma* financial information relating to the financial period that ended on 31 December 2015, determined on the basis of assumptions consistent with the terms of the Financial Condition and with the specific circumstances of waiving the same, in order to simulate the main effects of the Offer on the economic, equity and financial situation of the Cairo Communication Group, as if it had been concluded on 31 December 2015 for the equity profile and as of 1 January 2015 for the economic profile and as regards cash flows.

In order to give evidence of the importance of the corporate integration operation for the result of the possible successful conclusion of the Offer, certain summary values are given below regarding the Cairo Communication Group taken from the consolidated financial statements at 31 December 2015 and referring to the Post-Offer Cairo Communication Group taken from the *pro-forma* financial information constructed on the basis of the fulfilment of the Financial Condition. More specifically: (i) the net financial position of the Cairo Communication Group at 31 December 2015 amounts to EUR 105.8 million, whereas the total consolidated *pro-forma* debt of the Post-Offer Cairo Communication Group, at the same date, is EUR 380.9 million; (ii) the consolidated net profit of the Cairo Communication Group in the financial year 2015 is EUR 11.1 million, whereas the *pro-forma* net result of the Post-Offer Cairo Communication Group, in the same period, is a loss of EUR 163.1 million; and (iii) the consolidated shareholders' equity of the Cairo Communication Group as at 31 December 2015 amounts to EUR 116.4 million, whereas the *pro-forma* consolidated shareholders' equity of the Post-Offer Cairo Communication Group, at the same date, is EUR **354.9 million**.

The total net financial need of the Post-Offer Cairo Communication Group for the 12 months following the Offer Document Date is estimated to be at least EUR 86 million, (i) taking into account the limits and the elements of uncertainty indicated in Paragraph B.1.19, Section B, of the Offer Document; (ii) consistently with the assumptions of the circumstances in which Cairo Communication reserves the right to waive the Financial Condition which involves the greater absorption of the cash flows linked to the repayment of the RCS Group's financial debt in the 12 months following the Offer Document Date; and (iii) based on the assumption that, by effect of the consolidation of the RCS Group by Cairo Communication as a result of the Offer, the financial covenants relating to a loan of the Cairo Communication Group (the non-current portion of which, at 31 March 2016, was EUR 13.7 million) would not be respected in the 12 months following the successful conclusion of the Offer, thereby giving the lending bank the right to request the termination of the loan agreement and involving the reclassification of EUR 13.7 million from the item "non-current financial payables and liabilities" to the item "current financial payables and liabilities".

If the Offer is successfully concluded, when the total net financial need of the Post-Offer Cairo Communication Group has been estimated, which will be carried out after having completed the due diligence on the RCS Group, the Offeror intends to cover that financial need by remodelling the payment terms to suppliers, by taking out a new medium/long-term loan at group level to replace the short-term debt and, if necessary, by the sale of non-strategic activities of the Post-Offer Cairo Communication Group.

We call the investors' attention to the fact that, without prejudice to what is contemplated regarding the Financial Condition, each of the Conditions of Effectiveness of the Offer may be waived, also in part, or modified by the Offeror and that the effects of this waiver, also if partial, or of amendments to the Conditions of Effectiveness of the Offer, on the economic, equity and financial situation of the Post-Offer Cairo Communication Group cannot be determined on the Offer Document Date, inasmuch as at that date it is not possible to determine all the cases of waiver, including partial waive, or of amendment to the Conditions of Effectiveness of the Offer.

The Board of Directors has also specified that, depending on the positive result of the due diligence investigation into the RCS Group, Cairo Communication intends to complete the RCS relaunch project with the merger by the incorporation of this latter into Cairo Communication, to be carried out in the 12-24 months after the completion of the Offer.

On 17 June 2016, the Board of Directors of Cairo Communication approved the Cairo Communication Plan - which defines the strategic guidelines for the development of the Cairo Communication Group's activities, on a stand-alone basis, for the period 2017-2018 - and the Integration Project, which outlines the Cairo Communication Group's strategic guidelines for the period 2017-2018, assuming the successful completion of the Offer and the consequent inclusion of the RCS Group within the Cairo Communication consolidation perimeter.

The Integration Project has been drawn up considering (i) the Cairo Communication Plan, and (ii) a simulation of the future economic, equity and financial dimensions of the RCS Group, carried out on the basis of assumptions identified using publicly available past records and future forecasts of the RCS Group. In consideration of the fact that Cairo Communication has not been able to meet the RCS management to obtain accounting or business information other than that publicly available and has not carried out a due diligence investigation on RCS, the investor's attention is drawn to the fact that the assumptions on which the said Integration Project is based feature a particularly high level of risk. Furthermore, the forecast data contained in the said Integration Project are based on future events, subject to uncertainty, also beyond the control of the Offeror's directors.

We point out that the development of the EBITDA of the Post-Offer Cairo Communication Group expected from the Integration Project in the period 2017-2018 is strictly linked to the capacity, according to the programmed dimensions and timing of the Integration Project, to implement actions that will increase the cost-efficiency level and to make investments – instrumental for contrasting the fall in revenues and income margins which have been features of the publishing sector over the last few years and, consequently, also of the results of the Cairo Communication Group and of the RCS Group.

The achievement of the aims of the Integration Project and/or the achievement of the aims of the said Integration Project according to the programmed timing and dimensions, therefore, features a high level of uncertainty which can lead to differences, even significant differences, between the final balances and the values indicated in the Cairo Communication Plan and in the Integration Project. Because of the uncertainty of the forecast data, investors are invited not to rely exclusively on the said data when they take their investment decisions.

We point out that if the results of the RCS Group, during the three year term of the business plan which will be drawn up by the Post-Offer Cairo Communication Group **after the completion of the due diligence on the RCS Group**, are not in line with the forecasts of the said plan, or if other circumstances occur that could negatively influence the economic, equity and financial situation of the RCS group, the Offeror does not exclude the possible need to launch RCS recapitalisation initiatives **and/or to exercise the delegated power for the Cairo Communication capital increase which will be submitted to the Extraordinary Shareholders' Meeting on 18 July 2016 for its approval**.

We also point out that if the Extraordinary Shareholders' Meeting of 18 July 2016 resolves in favour of the proposal to introduce the mechanism of the increased voting right pursuant to Article 127-*quinquies* of the TUF, and if the Cairo Communication shareholders with relevant stakes request entry on the specific special list for all or a part of their own ordinary shares, after holding said shares for 24 months without interruption, said shareholders would become entitled to exercise a higher number of voting rights at the shareholders' meeting than the proportional number in respect of the stakes held by the same and they could also reinforce and/or acquire control or a considerable influence over Cairo Communication. Therefore, after the introduction of the increased voting right mechanism, it could be more difficult for a third party to acquire, or to attempt to acquire, control over Cairo Communication.

The investors' attention must also be drawn to the fact that, if the Offer is successfully concluded, without prejudice to the financial and legal independence of Cairo Communication and of RCS, the prospect of the continuing existence of the Post-Offer Cairo Communication Group is closely linked to the occurrence of numerous events and circumstances, some of which are beyond the Offeror's sphere of control (see Paragraph A.1.2, Warnings Section, of the Offer Document).

With reference to the Consideration, the Offeror, for every RCS share tendered to the Offer, will grant **0.16** of a newly issued Cairo Communication share. This consideration expresses a Unit Monetary Value (calculated by multiplying **EUR 4.39 - i.e. the official price of the Cairo Communication Shares at 7 April 2016 adjusted to take into account the payment of the dividend equal to EUR 0.20 per share distributed by Cairo Communication on 11 May 2016 - by the 0.16 of a Cairo Communication Share offered for every RCS Share tendered to the Offer) equal to approximately EUR 0.7024** ~~the issue price of the Cairo Communication Shares set by the Offeror's board of directors within the sphere of the Capital Increase, amounting to EUR 4.39, by the Consideration) equal to EUR 0.527~~) for every RCS share tendered to the Offer. This Unit Monetary Value is: (i) **69.1%** higher than the official price of the RCS shares registered on 7 April 2016 (the day before the date of the Offer announcement); (ii) **43.1% higher** than the average of the official prices of the RCS shares registered in the month before the date of the Offer announcement; (iii) **28.1% higher** than the average of the official prices of the RCS shares registered in the three months before the date of the Offer announcement; (iv) **19% higher** than the average of the official prices of the RCS shares registered in the six months before the date of the Offer announcement; and (v) **7%** below the average of the official prices of the RCS shares registered in the year before the date of the Offer announcement (see Paragraph A.1.6, Warnings Section, of the Offer Document).

We also point out that the Consideration is 33.3% higher than the consideration, equal to 0.12 of a newly issued Cairo Communication Share for each RCS Share tendered to the Offer, originally contemplated in the Offer Document. The Consideration of 0.16 of a Cairo Communication Share for each RCS Share, relative to the relaunch of 17 June 2016, is higher than the maximum exchange ratio resulting from the application of the stock exchange listing methods (referring to time horizons of one day, one week, one month, three months and six months before the Offer announcement date) and of the target prices, while it is equal to the maximum exchange ratio resulting from the application of the stock exchange multiples method.

We also point out that on 16 May 2016, Mediobanca - Banca di Credito Finanziario S.p.A., Finanziaria di Diego Della Valle & C. S.r.l., Diego Della Valle & C. S.r.l., UnipolSai Assicurazioni S.p.A. also on behalf of Unipolsai Finance S.p.A., Pirelli & C S.r.l. and International Acquisitions Holding S.à r.l. announced that an agreement had been reached to launch, through an Italian company being incorporated and entirely held by the above companies, a voluntary public offer for the acquisition of all the RCS shares (minus all the RCS shares already held by the offering shareholders), at the price of EUR 0.70 per RCS share.

The official price of the Cairo Communication shares at the closure of the last Stock Exchange Trading Day before the Offer Document Date, specifically 27 May 2016, was EUR 4.8237. The official price of the Cairo Communication shares at the closure of the last Stock Exchange Trading Day before the Offer Document Date, specifically 27 May 2016, was EUR 0.7561.

We ~~lastly~~ call the investors' attention to the fact that if the Offer is successfully concluded and in the event of particular circumstances described in Paragraphs A.1.8, A.1.9 and A.1.10, Warnings Section, of the Offer Document, the RCS shareholders who have not accepted the Offer in the Acceptance Period could remain the holders of financial instruments not traded on any regulated market, with all the consequent difficulties connected to the liquidation of their investment.

We lastly mention that, with Resolution no. 19639 of 21 June 2016, CONSOB resolved to "*request the Offeror to immediately provide – if necessary also by the means of financial instruments already issued, including Cairo Communication shares already outstanding – suitable additional guarantee, in compliance with the laws in force, aimed at ensuring full satisfaction of the accepting investors' rights in the case of non-compliance, or inexact compliance, with the commitments and obligations assumed by the Offeror, also as regards the possible failure to immediately adopt the resolution for the issue of the financial products offered as the Consideration.*". On the Date of the Supplement, it is not possible to assess the effects on the Post-Offer Cairo Communication economic, equity and financial situation, which could ensue from the provision of said additional guarantee.

CONTENTS

INTRODUCTION TO THE SUPPLEMENT

This document is a supplement (the "**Supplement**") to the public offer document published on 28 May 2016 (the "**Offer Document**"), subsequent to the approval expressed by CONSOB Resolution no. 19619 of 28 May 2016, relative to the voluntary full public exchange offer (the "**Offer**") promoted by Cairo Communication S.p.A. ("**Cairo Communication**" or the "**Offeror**"), pursuant to Articles 102 and 106, paragraph 4, of Legislative Decree no. 58 of 24 February 1998 (the "**TUF**") for 521,864,957 ordinary shares of RCS MediaGroup S.p.A. ("**RCS**" or the "**Issuer**" or the "**Company**"), representing 100% of the Issuer's share capital.

By the publication of this Supplement, the Offeror makes known:

(i) the **<u>increase in the Offer consideration, from the original 0.12 of a newly issued ordinary Cairo Communication share</u>**, listed on the on-line stock market organised and managed by Borsa Italiana S.p.A., **<u>to 0.16 of an newly issued ordinary Cairo Communication share</u>** (the "**Consideration**"), listed on the on-line stock market organised and managed by Borsa Italiana S.p.A., in exchange for every ordinary RCS share tendered to the Offer. Therefore, the consideration for the Offer has been increased by 33.3% compared to the consideration originally indicated in the Offer Document;

(ii) the publication, on 17 June 2016, of the convocation notice of the Cairo Communication Extraordinary Shareholders' Meeting which will be held on 18 July 2016, required to pass resolution on: (a) the proposal for the share capital increase, to be released by contribution in nature pursuant to Article 2441, paragraph four, of the Civil Code, for the purpose of the issue of the Cairo Communication shares to be assigned in exchange for the RCS shares tendered to the Offer, at the swap exchange rate contemplated by the increased Consideration; (b) the attribution to the Board of Directors, pursuant to Article 2443 of the Civil Code, of the power to provide for a share capital increase, for payment and which can be split into one or more instalments, with the issue of new shares without option rights, pursuant to Article 2441, paragraph four, second sentence, of the Civil Code; (c) the amendment of the Cairo Communication articles of association in order to introduce the increased voting right pursuant to Article 127-*quinquies* of the TUF;

(iii) the approval of the Cairo Communication Board of Directors, at the meeting of 17 June 2016, of the "Cairo Communication Group's 2017-2018 Business Plan" and of the Post-Offer Cairo Communication Group's 2017-2018 Integration Project, and the consequent supplement to the Offer Document to reflect certain forecast data contained therein; and

(iv) the alignment of the Offer acceptance period, pursuant to Article 44, paragraph 5, of the Issuers' Regulations, with the acceptance period of the competitive takeover bid promoted by International Media Holding S.p.A. for all the ordinary RCS shares. Therefore, **<u>the Offer acceptance period will terminate at 17:30 hours on 15 July 2016</u>**; this deadline was initially 8 July 2016. **<u>Consequently, the date for the payment of the Consideration, originally 15 July 2016, is now 22 July 2016</u>**.

Therefore, all the references to the "Acceptance Period" contained in the Offer Document must be understood as now referring to the "period of time during which it will be possible to accept the Offer, which will last from 8:30 hours on 13 June 2016 until 17:30 hours on 15 July 2016 inclusive".

We point out that: (a) with reference to point (ii) above, the Supplement contains the report drawn up by KPMG S.p.A., the company mandated to perform the legal audit of Cairo Communication, relative to the *pro-forma* data contained in this Supplement in order to represent the main effects of the Offer on the Cairo Communication Group's equity, economic and financial situation, as if it had been completed on 31 December 2015 with reference to the effects on the equity and, with reference to the economic effects and the cash flows, on 1 January 2015; and (b) with reference to point (iii) above, the Supplement also contains the report drawn up by KPMG S.p.A., the company mandated to perform the legal audit of Cairo Communication, on the forecast data.

We also point out that, subsequent to the competitive takeover bid on the part of International Media Holding S.p.A., any modifications to the Offer will have to be made in compliance with the provisions of Article 44 of the Issuers' Regulations.

This Supplement, published pursuant to Article 38, paragraph 5, of the Regulations adopted by CONSOB Regulation no. 11971/99 (the "**Issuers' Regulations**"), is an integral part of the Offer Document and must be read together with the same; unless otherwise stated, the terms used in the Supplement have the same meaning as attributed to the same in the Offer Document.

This Supplement contains only the Paragraphs of the Offer Document that have been amended and/or expanded by effect of what is indicated in the preceding points (i) - (iv). All the terms and conditions of the Offer remain unchanged, except as amended by the Supplement.

The pages and titles of the Glossary, of the Introduction, of the Warnings, of the Sections and of the Paragraphs of the Offer Document that are amended and/or expanded by the Supplement are indicated here following.

The Supplement and the Offer Document are available to interested persons at:

(i) the Offeror's registered office at Via Tucidide no. 56, Milan;

(ii) the registered office of the intermediary mandated to coordinate the collection of the acceptances, Banca IMI S.p.A., at Largo Mattioli no. 3, Milan, and EQUITA SIM S.p.A. at Via Turati no. 9, Milan;

(iii) the registered offices of the mandated intermediaries;

(iv) the Offeror's Internet site at www.cairocommunication.it; and

(v) the Internet sites of the global information agents, www.georgeson.it and www.sodali-transactions.com.

We mention that if the Offer is prevalent, pursuant to Article 44, paragraph 7, of the Issuers' Regulations, compared to the competitive takeover bid promoted by International Media Holding S.p.A., the RCS shareholders who have tendered their own shares to the competitive offer may revoke said adhesion and adhere to the Offer within five trading days from the date of the publication of the results of the offers.

In compliance with Article 16 of Directive 2003/71/EC, we also inform the RCS shareholders who have accepted the Offer in the period between 13 June 2016 (inclusive) and the date of the publication of the Supplement (inclusive), that they have the right to revoke their acceptance of the Offer within two trading days from the publication of the Supplement.

DEFINITIONS

The Definitions, on pages 12 and following of the Offer Document, are amended and supplemented, as indicated below (the additions are indicated in bold type, while the text eliminated is crossed out).

Acceptance Period	The period of time in which it will be possible to accept the Offer, specifically from 8:30 hours on 13 June 2016 to 17:30 hours on 15 July 2016, inclusive.
Cairo Communication Plan	The "Cairo Communication Group's 2017-2018 Business Plan", approved by the Cairo Communication Board of Directors on 17 June 2016.
Cairo Communication Shares	The maximum 83,498,393 newly issued ordinary Cairo Communication shares resulting from the Capital Increase, without indication of par value, with normal dividend rights and the same features as the ordinary shares already in circulation on the issue date, which will be listed on the on-line stock market, offered to the Accepting Investors in exchange on the basis of the exchange ratio of 0.16 of a Cairo Communication Share for each RCS share tendered to the Offer.
Capital Increase	The increase in the Cairo Communication share capital to serve the Offer, **which will be resolved by the Cairo Communication Extraordinary Shareholders' Meeting called for 18 July 2016,** ~~resolved by the Cairo Communication Extraordinary Shareholders' Meeting on 12 May 2016~~, to be carried out for cash contributions in one or more tranches and which can also be split, for a maximum all-inclusive amount of EUR **366,557,945.80**, and more precisely for a maximum nominal amount of EUR **5,427,395.553** plus a maximum sum of EUR **361,130,550.244** for the premium, to be carried out by the issue of a maximum of **104,372,991** Cairo Communication shares without indication of par value, with normal dividend rights and the same features as the ordinary shares already in circulation on the issue date, without option rights pursuant to Article 2441, paragraph 4, first sentence, of the Civil Code, ~~at a unit issue price of EUR 4.39 (of which EUR 0.052 is the capital and EUR 4.338 the share premium),~~ to be released within 31 December 2016 by the non-cash contribution of the RCS Shares tendered to the Offer.
Capital Increase Resolved on 12 May 2016	The increase in the Cairo Communication share capital to serve the Offer, resolved by the Cairo Communication Extraordinary Shareholders' Meeting on 12 May 2016, to be carried out for cash contributions, in one or more tranches and which can also be split, for a maximum all-inclusive amount of EUR 274,918,460.05 including the premium, and more precisely for a maximum nominal amount of EUR

	3,256,437.340 plus a maximum sum of EUR 271,662,022.710 for the premium, to be carried out by the issue of a maximum of 62,623,795 Cairo Communication shares without indication of par value, with normal dividend rights and the same features as the ordinary shares already in circulation on the issue date, without option rights pursuant to Article 2441, paragraph 4, first sentence, of the Civil Code, at a unit issue price of EUR 4.39 (of which EUR 0.052 is the capital and EUR 4.338 the share premium), to be released within 31 December 2016 by the non-cash contribution of the RCS Shares tendered to the Offer **which will be revoked if the Capital Increase is approved.**
Consideration	The unit consideration paid by the Offeror for each RCS Share tendered to the Offer, equal to **0.16** of a Cairo Communication Share.
Consideration Payment Date	The date on which the Consideration will be paid for each RCS Share tendered to the Offer and on which the RCS Shares will be conveyed to the Offeror, i.e. 22 July 2016 (the fifth Stock Exchange Trading Day after the last day of the Acceptance Period).
Integration Project	The Post-Offer Cairo Communication Group's 2017-2018 Integration Project, approved by the Cairo Communication Board of Directors on 17 June 2016.
Supplement Date	**The date of the publication of this Supplement.**
Total Counter Value	**The total counter value of the Offer, in the case of total acceptance of the same, equal to approximately EUR 366,557,945.80.**
Unit Monetary Value	The implicit unit monetary value of the Consideration, **equal to EUR 0.7024 for every RCS Share tendered to the Offer, calculated by multiplying EUR 4.39 - i.e. the official price of the Cairo Communication Share at 7 April 2016 adjusted to take into account the payment of the dividend equal to EUR 0.20 per share distributed by Cairo Communication on 11 May 2016 - by 0.16 of a Cairo Communication Share offered for every RCS Share tendered to the Offer** ~~equal to approximately EUR 0.527 for every RCS Share tendered to the Offer, calculated by multiplying the issue price of the Cairo Communication Shares~~

~~fixed by the Offeror's Board of Directors within the sphere of the Capital Increase (equal to EUR 4.39) for the consideration.~~

INTRODUCTION

1. **On page 20 of the Offer Document, Paragraph 1 "*Legal premises and features of the Offer*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is crossed out).**

The transaction described in this Offer Document is a full voluntary public exchange offer promoted by the Offeror, pursuant to and for the effects of Articles 102 and 106, paragraph 4, of the TUF, for all the RCS Shares issued on the Offer Document Date, numbering 521,864,957, without indication of the par value (see Sections C and D of the Offer Document).

The Offeror's Board of Directors took the decision to promote the Offer on 8 April 2016. The Offer was announced to the market on the same date by means of a specific press release issued pursuant to Articles 102, paragraph 1, of the TUF and 37 of the Issuers' Regulations.

On 17 June 2016, with a special press release circulated pursuant to Article 44, paragraphs 2 and 3, of the Issuers' Regulation, Cairo Communication announced the decision to increase the Offer consideration, from the original 0.12 of a Cairo Communication Share indicated in the Offer Document, to 0.16 of a Cairo Communication Share for each RCS Share tendered to the Offer. Therefore, the Consideration, which will be paid according to the times and procedures indicated in Paragraphs F.5 and F.6, Section F, of the Offer Document, is 33.3% higher than the consideration originally contemplated in the Offer Document.

On the same date, (i) the convocation notice of the Cairo Communication Extraordinary Shareholders' Meeting was published, called to resolve on the proposal for a Capital Increase, to be released by contribution in nature pursuant to Article 2441, paragraph four, of the Civil Code, for the purpose of the issue of the Cairo Communication Shares to be assigned in exchange for the contribution of each RCS Share tendered to the offer, according to the share exchange ratio of the Consideration; and (ii) Mr. Urbano Cairo, UTC and UT Belgium Holding S.A. which, jointly, hold 72.98% of the Cairo Communication capital, signed a shareholders' agreement, published pursuant to Article 122 of the TUF and of the relative implementation provisions of the Issuers' Regulations, for the unconditioned and irrevocable commitment of these latter, also in the interests of Cairo Communication, to attend the said Extraordinary Shareholders' Meeting and vote in favour of the Capital Increase, to guarantee approval of the same. The said shareholders have also conferred on the notary Mr. Andrea De Costa, with the power of arranging to be substituted, powers of proxy and binding instructions to vote in favour of the Capital Increase at the Extraordinary Shareholders' Meeting on 18 July 2016, according to the obligations assumed.

Copies of the aforesaid convocation notice, of the shareholders' agreement and of the powers of proxy conferred on the notary Mr. Andrea De Costa were filed at CONSOB on 17 June 2016, pursuant to Article 44, paragraph 3, of the Issuers' Regulations.

**We mention that, with Resolution no. 19639 of 21 June 2016, CONSOB resolved to "*request the Offeror to immediately provide – if necessary also by the means of financial instruments already issued, including Cairo Communication shares already outstanding– suitable additional guarantee, in compliance with the laws in force, aimed at ensuring full satisfaction of the accepting investors' rights in the case of non-compliance, or inexact compliance, with the commitments and obligations assumed by the Offeror, also as regards the possible failure to*

immediately adopt the resolution for the issue of the financial products offered as the Consideration**". On the Supplement Date, it is not possible to assess the effects on the Post-Offer Cairo Communication economic, equity and financial situation, which could ensue from the provision of said additional guarantee.**

For the Capital Increase, the Offeror's Board of Directors has resolved, pursuant to Article 2440 of the Civil Code, to take avail of the discipline of Articles 2343-*ter* and 2343-*quater*, of the Civil Code, for the appraisal of the RCS Shares tendered. This discipline allows, in particular, for not requesting the sworn appraisal of the contributed assets drawn up by an expert appointed by the Court of the district of the transferee company's registered office if the value attributed to the contributed assets, for determining the share capital and the possible premium, is equal to or less than the value resulting from an appraisal referring to a preceding date within six months of the contribution and conforming to the principles and criteria generally recognised for the appraisal of contributed assets, providing such appraisal is made by an expert independent of the contributing subject, of the company and of the shareholders who individually or jointly control the contributing subject or the company itself, with adequate and proven professional skill (see Article 2343-*ter*, paragraph 2, letter b) of the Civil Code).

Cairo Communication has therefore mandated Prof. Andrea Amaduzzi - an independent expert pursuant to Article 2343-*ter*, paragraph 2, letter b), of the Civil Code - to draw up his own appraisal of the RCS Shares to be contributed. On **22 June 2016**, Prof. Andrea Amaduzzi issued his appraisal report on the RCS Shares, relative to their value at **31 March 2016**.

We also point out that ~~on 21 April 2016~~ the Auditing Firm**, in respect of the terms contemplated by the applicable provisions, will issue** ~~issued~~ its own report on the suitability of the issue price of the Cairo Communication Shares at the service of the Capital Increase, pursuant to the combined provision of Articles 2441, paragraph 6, of the Civil Code and 158, paragraph 1, of the TUF.

In addition, pursuant to the combined provision of Articles 2343-*quater* and 2440 of the Civil Code, the Offeror's directors must release, within the term of 30 days from the execution of the contribution or, if later, from the date of the entry on the companies register of the capital increase resolution, a statement containing the information referred to under letters a), b), c), d), and e) of Article 2343-*quater*, paragraph 3, of the Civil Code, i.e. (a) the description of the assets contributed (in this case, the RCS Shares) for which the report referred to by Article 2343, paragraph 1, of the Civil Code, has not been drawn up; (b) the value attributed to said assets, the source of that appraisal and, if appropriate, the appraisal method; (c) the declaration that that value is at least equal to that attributed to the said assets for determining the share capital and the possible share premium; (d) the declaration that, after the date referred to by the appraisal drawn up by the independent expert pursuant to Article 2343-*ter*, paragraph 2, letter b), of the Civil Code, no exceptional facts or relevant new facts have taken place that influence the appraisal referred to under the above letter (b); and (e) the declaration of the suitability of the requirements of professional skill and independence of the expert pursuant to Article 2343-*ter*, paragraph 2, letter b), of the Civil Code. Pursuant to Article 2343-*quater*, paragraph 4, of the Civil Code, until the declaration with the contents specified under letters (a), (b), (c), (d) and (e) has been entered in the Milan Companies Register, the newly issued Cairo Communication Shares cannot be sold and must remain deposited at Cairo Communication.

The declaration of the Cairo Communication directors, issued pursuant to Article 2343-*quater*, paragraph 4, of the Civil Code, will be entered in the Milan Companies Register within the Consideration Payment Date and, in any case, in time to allow for the payment of the Consideration.

We point out that the Offer depends on the fulfilment of the Conditions of Effectiveness of the Offer indicated in Paragraph A.1.1, Section A, of the Offer Document.

2. **On page 22 of the Offer Document, the table in Paragraph 3 "*Table showing the main events relating to the Offer*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is crossed out).**

DATE	EVENT	METHOD FOR DISCLOSURE TO THE MARKET
8 April 2016	Resolution of the Offeror's Board of Directors regarding the promotion of the Offer. Simultaneous convocation of the Offeror's Extraordinary Shareholders' Meeting **for 12 May 2016** ~~called upon to resolve on the Capital Increase to serve the Offer.~~ Communication to CONSOB and to the public of the decision to promote the Offer pursuant to Articles 102, paragraph 1, of the TUF and 37 of the Issuers' Regulations.	Offeror's communication pursuant to Articles 102, paragraph 1, of the TUF and 37 of the Issuers' Regulations. Offeror's press release to the market pursuant to Article 114 of the TUF regarding the publication of the convocation notice of the Offeror's Extraordinary Shareholders' Meeting.
21 April 2016	The Offeror makes available to the public, pursuant to Articles 158 of the TUF, 70, paragraph 4, of the Issuers' Regulations and 2441, paragraph 6, of the Civil Code: – the Offeror's Board of Directors' explanatory report relative ~~to the Capital Increase~~ **to the capital increase resolved by the Extraordinary Shareholders' Meeting of 12 May 2016**, drawn up pursuant to Article 2441, paragraph 6, of the Civil Code; – the Auditing Firm's fairness opinion **on the capital increase resolved by the Extraordinary Shareholders' Meeting on 12 May 2016**, drawn up pursuant to Article 2441, paragraph 6, of the Civil Code and Article 158, paragraph 1, of the TUF; and – the appraisal of the independent expert, Prof. Andrea Amaduzzi, testifying to the value of the RCS Shares **within the capital increase resolved by the Extraordinary Shareholders' Meeting on 12 May 2016**, drawn up pursuant to Article 2343-*ter*, paragraph 2, letter b), of the Civil Code.	Offeror's press release to the market pursuant to Articles 114 of the TUF and 66 of the Issuers' Regulations.
27 April 2016	The Offeror's Ordinary General Meeting called to approve, *inter alia*, the financial statements of as at 31 December 2015.	Offeror's press release to the market, pursuant to Articles 114 of the TUF and 66 of the Issuers' Regulations.
28 April 2016	Promotion of the Offer by filing the Offer Document at CONSOB, pursuant to Article	Offeror's press release to the market, pursuant to Articles 102, paragraph 3,

	102, paragraph 3, of the TUF, of the Acceptance Form, and of the application for the issue of the equivalence opinion of the Offer Document, pursuant to Articles 34-*ter*, paragraph 1, letter j) and 57, paragraph 1, letter c), of the Issuers' Regulations.	of the TUF and 37-*ter* of the Issuers' Regulations.
12 May 2016	The Offeror's Extraordinary Shareholders' Meeting **which resolved on the capital increase**~~called upon to resolve on the Capital Increase to serve the Offer~~.	Offeror's press release to the market pursuant to Articles 114 of the TUF and 66 of the Issuers' Regulations.
28 May 2016	Approval of the Offer Document by CONSOB, pursuant to Article 102, paragraph 4, of the TUF, and issue of the equivalence opinion of the Offer Document, pursuant to Articles 34-*ter*, paragraph 1, letter j) and 57, paragraph 1, letter c), of the Issuers' Regulations. Transmission to CONSOB of the **resolution to increase the capital approved by the Shareholders' Meeting on 12 May 2016** ~~Capital Increase resolution to serve the Offer~~, pursuant to Article 37-*bis*, paragraph 3, letter b), of the Issuers' Regulations.	Offeror's press release to the market pursuant to art. 36 of the Issuers' Regulations.
28 May 2016	Publication, the Offer Document approved by CONSOB. Notice of the publication of the Offer Document, pursuant to Article 38 of the Issuers' Regulations.	Issue of a press release, pursuant to Article 36, paragraph 3, of the Issuers' Regulations. Release of the Offer Document, pursuant to Articles 36, paragraph 3, and 38, paragraph 2, of the Issuers' Regulations.
~~Within~~ 10 June 2016	Approval by the RCS Board of Directors of the Issuer's press release, pursuant to Articles 103, paragraph 3, of the TUF and 39 of the Issuers' Regulations.	Issuer's press release to the market, pursuant to Articles 114 of the TUF and 66 of the Issuers' Regulations.
13 June 2016	Start of the Acceptance Period.	Not subject to any specific communication.
17 June 2016	**Announcement of the Offeror regarding, *inter alia*, (i) the increase in the Consideration of the Offer, from the original 0.12 of a Cairo Communication Share to 0.16 of a Cairo Communication Share for each RCS Share tendered to the Offer; (ii) the approval of the "Cairo Communication Group's 2017-2018 Business Plan"; and (iii) the approval of the 2017-2018 Project for the integration of RCS into the Cairo Communication Group.** **Publication of the convocation notice of the Offeror's Extraordinary Shareholders' Meeting called to resolve on the Capital**	**Press release published pursuant to Article 44, paragraphs 2 and 3, of the Issuers' Regulations, circulated in the manner indicated by Article 36 of the Issuers' Regulations.** **The Offeror's press release to the market, pursuant to Article 114 of the TUF.**

	Increase to serve the Offer.	
22 June 2016	**Publication of the Supplement.**	
15 ~~8~~ June 2016	End of the Acceptance Period (unless extended).	Not subject to any specific communication.
Within the evening of the last day of the Acceptance Period and, in any case, within 7:59 hours of the first Stock Exchange Trading Day after the end of the Acceptance Period	Press release on the provisional results of the Offer, which will also indicate the fulfilment/non-fulfilment or waiver of the Minimum Acceptance Level Condition.	Press release pursuant to Articles 114, of the TUF and 66 of the Issuers' Regulations.
18 July 2016	**The Offeror's Extraordinary Shareholders' Meeting called upon to resolve on the Capital Increase to serve the Offer.**	**Offeror's press release to the market, pursuant to Articles 114 of the TUF and 66 of the Issuers' Regulations.**
21 ~~14~~ July 2016	Press release on the Offer Results, which will indicate: (i) the final results of the Offer; (ii) the possible existence of the conditions for the Purchase Obligation pursuant to Article 108, paragraph 2, of the TUF, or the existence of the conditions for the Purchase Obligation pursuant to Article 108, paragraph 1, of the TUF; (iii) the procedures and timing for the possible delisting of the RCS Shares; and (iv) the fulfilment/non-fulfilment or the waiver of the Conditions of Effectiveness of the Offer, other than the Minimum Acceptance Level Condition.	Press release Pursuant to Article 41, paragraph 6, of the Issuers' Regulations.
Within 22 ~~15~~ July 2016	Entry in the Milan Companies Register of the declarations of the Cairo Communication directors pursuant to Article 2343-*quater*, paragraph 3, of the Civil Code, and of the statement referred to by Article 2444 of the Civil Code.	
22 ~~15~~ July 2016	Consideration Payment Date for the RCS Shares tendered for acceptance during the Acceptance Period.	

Note: all the press releases mentioned in the above table, unless otherwise specified, are understood as circulated as indicated under Article 36, paragraph 3, of the Issuers' Regulations and in conformity to Article 114 of the TUF, when applicable; the press releases and the notices relative to the Offer will be published without delay on the Offeror's website (www.cairocommunication.it).

WARNINGS

1. On page 26 of the Offer Document, Paragraph A.1.1.b, "*Amendment and waiver of the Conditions of Effectiveness of the Offer*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is crossed out).

Without prejudice to the indications below regarding the Financial Condition, the Offeror may waive, in whole or in part, or amend the terms of each of the Conditions of Effectiveness of the Offer, within the limits and according to the procedures contemplated by Article 43 of the Issuers' Regulations. Any such waiver or amendment will be disclosed in the manner contemplated by Article 36 of the Issuers' Regulations.

With reference to the Minimum Acceptance Level Condition, taking into account the objectives of the Offer and the Offeror's future programmes in relation to RCS, as well as the present ownership structure of RCS, the Offeror reserves the right to waive this condition if the number of RCS shares tendered to the Offer during the Acceptance Period allows Cairo Communication to hold a sufficiently large stake to control RCS in fact, which Cairo Communication has identified as a percentage of the RCS equity equal to at least 35% plus one RCS Share. We specify that the threshold of 35% plus one RCS Share will be considered reached if: (a) the RCS Shares tendered to the Offer represent a percentage of the share capital equal to at least 35% plus one RCS Share; or (b) by adding the RCS Shares tendered to the Offer to the RCS Shares held by UTC, if these latter shares are not tendered to the Offer, the Offeror and UTC hold a total stake in the RCS share capital of at least 35% plus one RCS Share.

With reference to the Financial Condition, Cairo Communication reserves the right to waive this condition in the event of one of the following circumstances:

(1) the RCS Lending Banks have promised Cairo Communication that they will grant (or they assure Cairo Communication that they have submitted to their own governing bodies, with a favourable opinion, the decision to grant) a grace period for the repayment of the principal sum pursuant to the loan agreement of 14 June 2013 (net of the net sums cashed in as consideration for the sale of RCS Libri S.p.A. and if not yet used for the repayment of the loan) for at least 12 months from the Offer closure date, without the application during that period of additional charges compared to the financial charges already applied; or

(2) the RCS Lending Banks have resolved to approve the term sheet for the restructuring of the debt deriving from the loan agreement of 14 June 2013, at terms and conditions each of which are not pejorative compared to the terms and conditions communicated by RCS to the market on 18 May 2016 (the "RCS Refinancing Terms and Conditions") reported below, and:

(A) the said Lending Banks have informed Cairo Communication that they waive (or they have assured Cairo Communication that they have submitted to their own governing bodies, with a favourable opinion, the decision to waive) their right to request the early repayment of the debt deriving from the loan agreement of 14 June 2013 pursuant to the change of the control of RCS which may result from the successful conclusion of the Offer; or

(B) other lenders, if one or more of the Lending Banks are not willing to waive the right of exercising the power to request the early reimbursement referred to in the preceding letter (A), have promised Cairo Communication (or they have assured Cairo Communication that they have submitted the decision to their governing body accompanied by a favourable opinion) to re-finance the portion of the principal sum deriving from the loan agreement of 14 June 2013 lent by the institutes that have not agreed to waive the power to request the early repayment referred to in letter (A) above, at terms and conditions none of which is pejorative compared to the RCS Refinancing Terms and Conditions illustrated below;

or

(3) the RCS Lending Banks, or other financiers, have promised Cairo Communication that they will re-finance (or they have assured Cairo Communication that they have submitted the refinancing decision, together with their favourable opinion, to their governing bodies) the RCS debt deriving from the loan agreement of 14 June 2013, without prejudice to the fact that, for at least 12 months from the Offer closure date, each term and condition of said re-financing is not pejorative compared to the corresponding RCS Refinancing Terms and Conditions reported below.

We point out that with the press release issued on 16 June 2016 RCS disclosed the signing of the agreement amending the loan agreement signed on 14 June 2013 between RCS and the Lending Banks, according to the terms and conditions indicated on the term-sheet already communicated on 18 May 2016 and reported below.

~~The RCS Refinancing Terms and Conditions are indicated below, as communicated by RCS on 18 May 2016.~~

1. Amount of the Loan	Total value up to a maximum amount of EUR 352 million (divided into a term line up to a maximum amount of EUR 252 million and a revolving line up to a maximum amount of EUR 100 million); net of the total repayment of credit line A of the loan agreement of 14 June 2013, for a total amount of EUR 71,601,122.45, which will be repaid at the time of execution of the agreement which amends the Loan Agreement of 14 June 2013, by the use of part of the net revenues cashed in by the Company by effect of the sale of RCS Libri S.p.A.
2. Final Expiry	For both credit lines, 31 December 2019.
3. Repayment	- term line: to be repaid in 2017 in the following instalments: (i) EUR 10,000,000 on 31 March 2017; (ii) EUR 10,000,000 on 30 June 2017; and (iii) EUR 15,000,000 on 31 December 2017; and subsequently in four six-monthly instalments according to the following repayment plan:

<table>
<tr><td></td><td>A. EUR 25,000,000 on 30 June 2018;

B. EUR 25,000,000 on 31 December 2018; and

C. EUR 25,000,000 on 30 June 2019;

D. the remaining sum on the Final Expiry date.

- <u>revolving line</u>: each use must be repaid on the expiry of the relative usage period chosen and, in any case, within the Final Expiry date.</td></tr>
<tr><td>4. Interest Rate</td><td>Variable rate equal to the sum of:
(i) for the term line: Euribor 3m from the execution date until the Final Expiry + Margin (see next paragraph);
(ii) for the revolving line: Euribor 1m, 3m or 6m for a term equal to that of the relative Interest Period + Margin (see next paragraph), without prejudice to the fact that, if the Euribor is below zero, it will be understood as equal to zero</td></tr>
<tr><td>5. Margin</td><td>- Term line: initially equal to 422.5 bps p.a., it remaining understood that the applicable margin will be modified as specified below.

- Revolving line: initially equal to the margin applicable to the term line minus 25 bps p.a. (i.e., 397.5 bps p.a.) it remaining understood that the applicable margin will be modified as specified below.

In the event of compliance with the financial covenants at the registration date of 31 December 2016, the credit line margin will be modified according to the following table:

<table>
<tr><th>Leverage</th><th>Term line</th><th>Revolving line</th></tr>
<tr><td>>4.00x</td><td>422.5</td><td>397.5</td></tr>
<tr><td><=4.00x</td><td>397.5</td><td>372.5</td></tr>
<tr><td><=3.75x</td><td>372.5</td><td>347.5</td></tr>
<tr><td><=3.25x</td><td>332.5</td><td>307.5</td></tr>
<tr><td><=2.75x</td><td>292.5</td><td>267.5</td></tr>
<tr><td><=2.25x</td><td>252.5</td><td>227.5</td></tr>
</table>

To determine the Margin, the Net Financial Position/EBITDA ratio will be calculated annually based on the data posted on the certified consolidated financial statements of the RCS Group as at 31 December each year.</td></tr>
<tr><td>6. Guarantees</td><td>On stipulation of the agreement amending the Loan Agreement of 14 June 2013, the Loan, and also the loan currently in force, will be backed by lien on the current account (the “Revenues Account”) on which the revenues deriving from any acts of disposal allowed and the other sums destined for obligatory repayment will be obligatorily and directly credited.</td></tr>
</table>

7. Financial covenants	As from 31 December 2016 (inclusive) and for the entire term of the Loan, the following financial covenants, with annual registration, must be complied with (except the NFP which will also be checked every six months): (I) NFP (i.e. Net Financial Position): (a) i**n 2016**: EUR 430 million; or EUR 410 million (in the event of the sale of non-core assets); (b) i**n 2017**: EUR 410 million; or EUR 385 million (in the event of the sale of non-core assets); (c) i**n 2018**: EUR 340 million; or EUR 315 million (in the event of the sale of non-core assets); with regard to the NFP referred to under letters (b) and (c) above, the Company represents that one of the lending banks – whose resolution procedure is being completed – has requested to consider only the lower threshold. The annual NFP referred to under letters (a), (b) and (c) above must be understood as increased by a headroom of EUR 25 million on each immediately successive six-monthly registration date. (II) Leverage Ratio (i.e. Net Financial Position/EBITDA ratio): (a) i**n 2016**: headroom of 10% compared to the objectives of the 2016–2018 Business Plan of the RCS Group (as communicated to the market, the "2016–2018 Business Plan") (i.e. 4.40x); (b) i**n 2017**: headroom of 15% compared to the objectives of the 2016–2018 Business Plan (i.e. 3.45x); (c) i**n 2018**: headroom of 15% compared to the objectives of the 2016–2018 Business Plan (i.e. 2.30x). (III) MINIMUM EQUITY: maximum headroom of EUR 10 million on the value of EUR 105.2 million as per the consolidated financial statements as at 31 December 2015. If a Financial Covenant is not complied with, an equity cure will be admitted at terms, conditions and restrictions substantially in line with the loan agreement of 14 June 2013.

With regard to the above, RCS stated on 16 June 2016 that "*~~The Term Sheet does not contemplate~~* **no** *commitments and/or restrictions of any kind* **are contemplated** *regarding the exercise of the delegated power, resolved on 16 December 2015, conferred on the Company's board of directors [ed. note: RCS], to increase, also in several* *tranches, the Company's share capital up to a maximum of EUR 200 million with deadline on 30 June 2017. No other obligations are contemplated for the disposal of assets by the Company [ed. note: RCS].*

As disclosed to the market in the press release of 10 June last, pursuant to Article 103 of the TUF , with the Agreement which amends the Loan Agreement, the content of the "change of control" clause was also updated, the provisions of which continue to apply to both the voluntary full public exchange offer promoted by Cairo Communication S.p.A. and the voluntary full public tender offer promoted by International Media Holding S.p.A.".

With a press release issued by RCS on 28 May 2016, the latter stated that "*On the positive result of the completion of the resolution procedure by the competent bodies of the lending banks and of the Company itself, the remodelling of the Existing Loan Agreement [ed. note: the loan agreement of 14 June 2013] will be completed after the agreement by the parties on the text of the agreement which amends the Existing Loan Agreement [ed. note: the loan agreement of 14 June 2013] and after the fulfilment of the conditions for the execution and effectiveness of the amending agreement, as is usual for this type of transaction. The Term Sheet also contemplates that when the agreement amending the Existing Loan Agreement [ed. note: the loan agreement of 14 June 2013] has been signed, the Company will have avail of bilateral credit lines supplied by the lending banks for a total amount of approximately EUR 85 million, without prejudice to the Company's right to request the increase, also after the definition of the agreement amending the Existing Loan Agreement [ed. note: the loan agreement of 14 June 2013], up to the level of the value of the bilateral lines at 30 June 2015.*".

After the Offer Document Date, Cairo Communication **opened** negotiations aimed at achieving the Financial Condition.

We point out that if the Financial Condition is waived in the event of one of the above-indicated circumstances and in the presence of only the submission to the governing bodies of the relative lenders of the commitment to grant the grace period referred to under point (1) above, or to waive the right to request the early repayment deriving from the change of control of RCS referred to under point 2(A) above or to refinance all or part of the RCS debt referred to under points 2(B) and (3) above, and if the related governing bodies make a decision contrary to what is proposed or, in any case, if the grace period is not granted or the debt refinancing is not granted in the terms proposed, Cairo Communication Group might not have the financial resources necessary for the entire repayment of the debt of the RCS Group, with negative effects on the economic, financial and equity situation and on the possibility of the corporate continuity of the Post-Offer Cairo Communication Group.

We also point out that if ~~the term sheet for the restructuring of the RCS debt deriving from the loan agreement of 14 June 2013 is approved, but the related loan agreements are not entered into by RCS and by its lending banks and/or the related closing~~ **the agreement which amends the loan agreement signed on 14 June 2013 between RCS and the Lending Banks** does not **become effective** before the Offer is successfully concluded, ~~or if~~ for any reason or cause, ~~these agreements are not concluded or not successively implemented~~, Cairo Communication Group might not have the financial resources necessary for the entire repayment of the debt of the RCS Group, with negative effects on the economic, financial and equity situation and on the possibility of the corporate continuity of the Post-Offer Cairo Communication Group.

We lastly point out that, with reference to the circumstances mentioned in points (1) and (3) above, the terms and conditions to which the RCS Group's financial debt will be subject in the period following the 12 months from the possible successful conclusion of the Offer cannot, at present, be foreseen, in so far as they are linked to the results of the negotiations which will be conducted by Cairo

Communication Group before the possible successful conclusion of the Offer or in the twelve months after that date. Although Cairo Communication Group will make all efforts to obtain more favourable terms and conditions than those currently applied, if, in the period following the 12 months from the Offer closure date, the terms and conditions that are agreed with the new lenders are worse than the current Terms and Conditions of the RCS Loan, the economic, equity and financial situation of the Post-Offer Cairo Communication Group would be negatively affected.

2. On page 33 of the Offer Document, the last sentence of the Paragraph "*Economic-equity situation of the Cairo Communication Group and of the RCS Group*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is crossed out).

We point out that **with the press release issued on 16 June 2016, RCS announced the conclusion of the agreement amending the loan agreement signed on 14 June 2013 between RCS and the Lending Banks, according to the terms and conditional already communicated on 18 May 2016** ~~on the Offer Document Date, negotiations are in progress between RCS and the Lending Bank regarding the remodelling of the debt deriving from the loan agreement entered into on 14 June 2013 between RCS and the Lending Banks.~~ On the basis of the information publicly available, as at 31 March 2016 the remaining amount of that loan totalled EUR 418.6 million, included in an all-inclusive net financial debt at that date of EUR 509.1 million. ~~According to what is reported in the press release issued by RCS on 18 May 2016, "*two of the lending banks have resolved favourably and the other lending banks will submit the remodelling case to their respective boards in the period between 20 May 2016 and 7 June 2016*".~~

3. On page 34 of the Offer Document, the second and third sentences of Paragraph A.1.4, "*Summary of the Offeror's future programmes*", are replaced by the following sentences.

The Board of Directors has also specified that, depending on the positive result of the due diligence investigation into the RCS Group, Cairo Communication intends to complete the RCS relaunch projects with the merger by the incorporation of this latter into Cairo Communication, to be carried out in the 12-24 months after the completion of the Offer.

On 17 June 2016, the Cairo Communication Board of Directors approved: (i) the Cairo Communication Plan; and (ii) the Post-Offer Cairo Communication Group's Integration Project. If the Offer is successfully concluded, the Offeror maintains that the Post-Offer Cairo Communication Group's business plan can be approved within the end of 2016.

4. On page 37 of the Offer Document, the second sentence of Paragraph A.1.5, "*Risks related to the Contribution*" is completely replaced by the following (the additions are indicated in bold type, while the text eliminated is crossed out).

Cairo Communication has therefore mandated Prof. Andrea Amaduzzi - an independent expert pursuant to Article 2343-*ter*, paragraph 2, letter b), of the Civil Code - to draw up his own appraisal of the RCS Shares to be contributed. On **22 June 2016**, Prof. Andrea Amaduzzi issued his appraisal report on the RCS Shares, relative to their value at **31 March 2016**.

5. Paragraph A.1.6 "*Valuation criteria underlying the determination of the Consideration*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is crossed out).

With regard to the nature of the Consideration, represented by newly issued Cairo Communication Shares in exchange for RCS Shares tendered to the Offer, the Offeror carried out the valuation analyses underlying the determination of the Consideration to express a comparative estimate of the economic values of the Cairo Communication Group and the RCS Group. Therefore, according to a settled principle of appraisal practice, the Offeror's valuation approach has privileged relative similarity and comparability of the valuation criteria applied, in order to identify relatively similar and comparable value ranges of Cairo Communication and RCS. The estimates of the value of the economic capitals of Cairo Communication and RCS underlying the determination of the Consideration are therefore significant only in relative terms.

The valuation analyses carried out by the Offeror to determine the Consideration have the following main limits and difficulties:

(i) the Offeror has not carried out a due diligence of a financial, legal, commercial, tax, business or any other nature;

(ii) RCS, at the Offer Document Date, is undergoing a~~n operational~~ restructuring process~~ and a financial restructuring process~~, the future results of which are uncertain inasmuch as depending on the effective execution~~ of the Offer and the negotiations currently in progress with the banks with which RCS has loan agreements~~;

(iii) the economic-financial projections relating to the RCS 2016–2018 Plan, presented in an abridged form to the financial community on 21 December 2015, are not sufficiently detailed to determine the operational cash flows expected of the RCS Group for the purpose of the application of fundamental valuation methods;

(iv) the "non-current charges" of RCS~~, both past and future, are~~ **have been** of very significant amounts;~~: more specifically, in calculating the EBITDA before non-current charges, RCS has adjusted the EBITDA for charges of EUR 59.7 million, EUR 110.5 million, EUR 32.8 million and EUR 55.4 million for the financial years 2012, 2013, 2014 and 2015, respectively, with a percentage weight on the respective annual revenues of 3.7%, 8.4%, 3.1% and 5.4%. In addition, the RCS 2016–2018 Plan also gives an estimate of additional "non-current charges" for a total of EUR 70-80 million, for which no detailed information is available, regarding their nature and distribution over time;~~

(v) Cairo Communication and RCS are only partially comparable with other similar listed companies, some of which operate on different geographic markets, with different business mixes and different business volumes, expected growth profiles, profitability and risks; this limitation is particularly important for RCS, given the aforementioned financial and operational restructuring process and the relevant "non-current charges" that feature the company's past and expected future profitability values; and

(vi) no previous transactions have been identified that can offer an applicable parameter for estimating the value of the economic capitals of Cairo Communication and RCS for the purpose of determining the Consideration.

Therefore, given these limitations and valuation difficulties~~ and more specifically the fact that the Offeror has not had access to detailed forecasts which would allow for the preparation of financial assessments of an analytical type for the RCS Shares~~, for the purpose of determining the Consideration, the Offeror has used a valuation approach based on market methodologies, and in line with best appraisal practices at national and international level. More specifically, the main method is that based on Stock Exchange Listings.

The Consideration is therefore based on the evaluations expressed by the market, understood as the community of investors and financial analysts, for the Cairo Communication and RCS securities or for the listed companies deemed comparable with the same.

The stock exchange prices**, in fact,** give a summary estimate of the economic capital of a company with listed shares, as shown by the market. In an efficient market, stock exchange prices are a reliable indicator of a company's value as they reflect the investors' expectations in terms of profit, equity solidity, risk and future growth of a company and, consequently, the investor's opinion of the company's value based on publicly available information, including its past and forecast operational and financial data.

With regard to Cairo Communication, the importance of the stock exchange price may be limited to the reduced liquidity of the security itself.

With regard to RCS, however, taking into account the negative results registered in recent years, the high debt level and the company's undergoing restructuring process, the estimate by the market of the operational and financial prospects of the company could be complex and subject to inevitable uncertainty.

Consequently, as well as to mitigate these sources of uncertainty and the possible effects linked to the volatility of the stock exchange prices, the Consideration has been determined taking into account the stock exchange prices of the Cairo Communication and RCS securities for various time horizons, specifically one week, one month, three months and six months prior to the Offer announcement**, therefore not influenced by the Offer announcement and the successive competitive offer** (see Paragraph E.1, Section E, of the Offer Document).

~~In fact,~~ The values obtained by the application of the Stock Exchange Listing methodology have been checked by the application of the Target Prices and the Stock Exchange Multiples methods, always respecting the principle of relative similarity and comparability of the methodologies applied. **The consideration of the competitive offer has also been considered, as an additional parameter of reference.**

In addition, the values obtained by the application of the Stock Exchange Listing methodology have been checked by the application of the Target Prices and the Stock Exchange Multiples methods, always respecting the principle of relative similarity and comparability of the methodologies applied.

With regard to the Stock Exchange Multiples method, the average multiples of listed companies comparable to Cairo Communication and RCS have been applied to the ~~final~~ EBITDA ~~for the financial year 2015 of the two companies, as reported by the same (for RCS expressed gross of non-recurrent charges - EBITDA before non-recurrent charges), and the EBITDA~~ forecast for the financial years 2016, 2017 and **2018**, as estimated by the research analysts who follow the two securities **for the financial years 2016 and 2017 (for uniformity, inasmuch as the precise figure of the plan for the RCS Group is not available; said EBITDA estimates for the financial years 2016 and 2017 amount, respectively, to EUR 26.2 million and EUR 29.7 million for Cairo Communication and, respectively, EUR 89.2 million and EUR 106.8 million for RCS), while for the financial year 2018 the figures used are those of the EBITDA targets indicated in the Cairo Communication 2017-2018 Business Plan, published on 17 June 2016 (approximately EUR 46 million), and in the 2016-2018 business plan presented by RCS on 21 December 2015 (approximately EUR 140 million)**. ~~We point out that the two companies adopt different EBITDA configurations (as described in the Glossary); rendered similar for the purposes of the pro-forma representation, as described in Paragraph B.1.15, Section B, of the Offer Document, the 2015 EBITDA~~

~~of Cairo Communication and RCS would be approximately EUR 1.0 million and EUR 2.5 million lower, respectively, than the amounts reported by the two companies. The Offeror therefore maintains that the impact of the different EBITDA structures of Cairo Communication and RCS on the values obtained by the application of the Stock Exchange Multiples method are not significant for the determination of the Consideration.~~

We point out that, with regard to the Discounted Cash Flow method, the Offeror decided that this method could not be used to support the evaluation of the Consideration, inasmuch as the 2016-2018 business plan presented by RCS on 21 December 2015 identifies the targets and the key actions, but indicates the financial projections only in a summarised or graph form without any analytical degree of detail. In fact, the 2016-2018 business plan presented by RCS on 21 December 2015 does not give sufficient indications on the company's expected future cash flows (e.g. the forecast investments for the financial years 2016 and 2017 are indicated only in graph form; no indications at all are given on the expected changes in the net floating capital, on the expected tax effects, on the adjustments for the non-monetary items included in the forecast EBITDA, etc.), which represent the basis for the application of the Discounted Cash Flow method, according to best market practice. Always according to best market practice, the application of the Discounted Cash Flow also requires access to the management of the company being analysed, also to obtain useful indications in order to develop hypotheses on the company's expected cash flows from operations after the end of the business plan period; this consideration is particularly relevant for RCS, in consideration of the company's important restructuring process now in progress and the consequent uncertainty of its future results. The Offeror has not been able to carry out independent verifications with the RCS management, nor has it carried out any due diligence activity on the same. The application of the Discounted Cash Flow method would therefore have the limit ~~of the high~~ of a particularly high subjectivity due to the hypotheses that it would have been necessary to develop for the precise estimate of the RCS cash flows.

The table below shows the comparison between the Consideration~~, calculated on the basis of the official price of the Cairo Communication Shares registered on 7 April 2016, adjusted to take into account the dividend approved by the Cairo Communication shareholders' meeting on 27 April 2016,~~ and: (i) the official price of the RCS Shares on the Stock Exchange Trading Day prior to the date of the announcement of the Offeror's decision to launch the Offer (i.e., 7 April 2016); and (ii) the weighted averages of the official prices relative to one month, three months, six months and one year prior to the date of the announcement of the Offeror's decision to launch the Offer.

REFERENCE	IMPLICIT CONSIDERATION	CONSIDERATION OFFERED VS. MARKET PRICES
	EX DIVIDEND	EX DIVIDEND
Consideration offered	**0.7024**	
Official price at 7 April 2016	0.4156	**69.1%**
Average prices at 1 month	0.4911	**43.1%**
Average prices at 3 months	0.5486	**28.1%**
Average prices at 6 months	0.5908	**19.0%**
Average prices at 1 year	0.7557	**(7.0%)**

Source: Bloomberg, official prices

For further information, see Paragraph E.1, Section E, of the Offer Document.

5. **Under Paragraph A.1.8, "*Offeror's declaration on compliance with the Purchase Obligation pursuant to Article 108, paragraph 2, of the TUF and the possible reformation of the float*" (pages 45 and 46 of the Offer Document), all references to "0.12 of a Cairo Communication Share" must be understood as referring to "0.16 of a Cairo Communication Share".**

6. **Under Paragraph A.1.11, "*Alternatives for the shareholders' to which the Offer is addressed*" (pages 48-51 of the Offer Document), all references to "0.12 of a Cairo Communication Share" must be understood as referring to "0.16 of a Cairo Communication Share".**

7. **On pages 55 and following of the Offer Document, the Paragraph A.2.1.b, "*Risk connected to the financial indebtedness of the Post-Offer Cairo Communication Group*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is printed but crossed out).**

If the Offer is successful, Cairo Communication will acquire control of RCS and, therefore, the RCS Group will be included in the consolidated companies of Cairo Communication.

~~On 11 May 2016, RCS announced that "*the lawyers of the parties [ed. note: RCS and the lending banks] have in fact completed the Refinancing Term Sheet which updates the main terms and conditions of the existing Loan Agreement, overall ameliorative for the Company and consistent with the relative forecasts of the Plan*".~~

~~On 18 May 2016, RCS issued a press release which described the RCS Refinancing Terms and Conditions - illustrated under Paragraph A.1.1(b), Warnings Section, of the Offer Document - referring to the said Refinancing Term Sheet, and it has specified that: "*(i) two of the lending banks have resolved favourably and (ii) the other lending banks will submit the remodelling case to their respective boards in the period between 20 May 2016 and 7 June 2016*".~~

With the press release issued on 16 June 2016 RCS disclosed the signing of the agreement amending the loan agreement signed on 14 June 2013 between RCS and the Lending Banks, according to the terms and conditions of the RCS Refinancing already communicated on 18 May 2016 and reported under Paragraph A.1.1(b), Warnings Section, of the Offer Document.

Cairo Communication has indicated that it reserves the right to waive the Financial Condition in the case of certain circumstances, detailed under Paragraph A.1.1.b, Warnings Section, of the Offer Document, including: (i) approval of the Term Sheet of the Refinancing on the part of the RCS Lending Banks and the fact that the said Lending Banks have informed Cairo Communication that they waive the faculty of requesting the early repayment of the debt deriving from the loan agreement of 14 June 2013 because of the change of control over RCS which can be carried out after the successful completion of the Offer (or, if one or more of the Lending Banks are not willing to waive the right to exercise this faculty, other lenders have promised Cairo Communication that they will refinance the portion of the capital pursuant to the loan agreement of 14 June 2013 relative to those banks that are not willing to waive the said faculty, under terms and conditions none of which is pejorative compared to the corresponding RCS Refinancing Terms and Conditions); and (ii) the assumption on the part of one or more lenders of the commitment to refinance the RCS debt deriving from the loan agreement of 14 June 2013, without prejudice to the fact that, for at least twelve months following the date of the successful completion of the Offer, none of the relative terms and conditions is pejorative compared to the corresponding RCS Refinancing Terms and Conditions.

Cairo Communication maintains that the sustainability on the part of the Post-Offer Cairo Communication Group of the RCS Refinancing Terms and Conditions depends, *inter alia*, on: (i) the successful result of the shares indicated to cover the total net financial need of the Post-Offer Cairo Communication Group, estimated to amount to at least EUR 86 million; (ii) the achievement of the targets of the new RCS business plan, which will be defined according to the strategic outlines indicated under Paragraph G.2.2, Section G, of the Offer Document; and (iii) the fact that the due diligence on the RCS Group which will be carried out after the Offer, if successful, does not bring to light events or circumstances such as to determine a significant deterioration in the economic, financial and equity condition of the RCS Group.

The 2016-2018 Plan is based - and the new RCS business plan that the Cairo Communication Group intends to define according to the strategic guidelines indicated in Paragraph G.2.2, Section G, of the Offer Document will be based - on a series of hypotheses of future events and circumstances, some of which are beyond the control of the Cairo Communication Group, and actions that RCS or the Cairo Communication Group intend to take, also involving hypothetical assumptions relative to future events and actions that will not necessarily come to pass, and they feature elements of subjectivity and uncertainty, and the risk that the hypothesised events and the actions by which they are determined may not come to pass, or they may come to pass to a different extent and at different moments than those assumed, while events could occur and/or actions could be taken that were/are unforeseeable when the said plans were/are made.

Therefore, if the results of the RCS Group are entirely or in part below the targets of the plan which will be drawn up by the Cairo Communication Group after the completion of the Offer, or if further events or circumstances occur that can negatively influence the economic, equity or financial situation of the RCS Group, this latter might not be able to respect the financial commitments and/or the repayment terms contemplated by the RCS Refinancing Terms and Conditions. Under such circumstances, the Cairo Communication Group will make efforts to refinance and/or amend the terms and conditions of the medium/long term financial indebtedness of RCS, according to the procedures which will be deemed most suitable, without excluding the possibility of having to launch RCS recapitalisation action **and/or of exercising the power of proxy for the Cairo Communication capital increase which will be proposed to the Extraordinary Shareholders' Meeting on 18 July 2016 for its approval**.

Nevertheless, if the above described initiatives are not sufficient to allow for the refinancing and/or the remodelling of the RCS Group's debt, the Cairo Communication Group might not have avail of the financial resources necessary for the full repayment of the debt, with negative effects on the equity, economic and financial situation of the Post-Offer Cairo Communication Group and, without prejudice to the economic and legal independence of Cairo Communication and of RCS, and on the possibility of the corporate continuity of the Post-Offer Cairo Communication Group.

Vice versa, if the Lending Banks grant the suspension of the Financial Condition, or if the Financial Condition is waived because a suspension has been obtained for the shorter term of 12 months indicated under Paragraph A.1.1.b, Warnings Section, of the Offer Document, the Cairo Communication Group will make all efforts so that, within the expiry of the suspension granted, RCS is refinanced and/or the terms and conditions of the financial debt of the RCS Group are modified in terms consistent with the new RCS business plan that the Cairo Communication Group intends to define according to the strategic guidelines indicated above under Paragraph G.2.2, Section G, of the Offer Document. For this purpose, the Cairo Communication Group will pursue the medium/long term financing opportunities that are deemed most opportune, without excluding the possibility of having to launch RCS recapitalisation action. Nevertheless, if the described initiatives are not sufficient to allow for the refinancing and/or the remodelling of the RCS Group's debt within the expiry of the suspension granted (equal to at least twelve months from the date of the closure of the Offer), the Cairo Communication Group might not have avail of the financial resources necessary for the full repayment of the debt, with negative effects on the equity, economic and financial situation of the Post-

Offer Cairo Communication Group and, without prejudice to the economic and legal independence of Cairo Communication and of RCS, and on the possibility of the corporate continuity of the Post-Offer Cairo Communication Group.

8. On page 57 of the Offer Document, the following additional Warning is inserted.

A.2.1.b-*bis* Risks connected to the Cairo Communication Plan and to the 2017-2018 Integration Project

On 17 June 2016, the Cairo Communication Board of Directors approved the Cairo Communication Plan - which defines the strategic guidelines for the development of the Cairo Communication Group's activities, on a stand-alone basis, for the period 2017-2018 - and the 2017-2018 Integration Project, which outlines the strategic guidelines of the Post-Offer Cairo Communication Group for the period 2017-2018, assuming the successful completion of the Offer and the consequent inclusion of the RCS Group within the Cairo Communication consolidation perimeter.

The Cairo Communication Plan and the Integration Project also contain forecasts and estimates of profits and economic results, described under Paragraph B.1.24 of the Offer Document as amended by the addition of the Supplement.

Both the Cairo Communication Plan and the Integration Project are based, *inter alia*, on assumptions of a general nature and hypotheses relative to future events and specific actions that must be undertaken by the directors in the period 2017-2018.

Particularly regarding the Integration Project, this must be drawn up considering: (i) the Cairo Communication Plan; (ii) a simulation of the future economic, equity and financial dimensions of the RCS Group, carried out on the basis of assumptions identified using publicly available past records and future forecasts of the RCS Group. In consideration of the fact that Cairo Communication has not been able to meet the RCS management to obtain accounting or business information other than that publicly available and has not carried out a due diligence investigation on RCS, the investor's attention is drawn to the fact that the assumptions on which the said Integration Project is based feature a particularly high level of risk. Furthermore, the forecast data contained in the said Integration Project are based on future events, subject to uncertainty, also beyond the control of the Offeror's directors.

We point out that the development of the EBITDA of the Post-Offer Cairo Communication Group expected from the Integration Project in the period 2017-2018 is strictly linked to the capacity, according to the programmed dimensions and timing of the Project, to implement actions that will increase the cost-efficiency level and to make investments – instrumental for contrasting the fall in revenues and income margins which has been a feature of the publishing sector over the last few years and, consequently, also of the results of the Cairo Communication Group and of the RCS Group.

The achievement of the aims of the Integration Project and/or the achievement of the aims of the said Integration Project according to the programmed timing and dimensions, therefore, features a high level of uncertainty which can lead to differences, even significant differences, between the final balances and the values indicated in the Cairo Communication Plan and in the Integration Project. Because of the uncertainty of the forecast data, investors are invited not to rely exclusively on the said data when they take their investment decisions.

For further information, see Paragraph B.1.24, Section B, of the Offer Document.

9. On page 62 of the Offer Document, the penultimate sentence of Paragraph A.2.1.f "*Risks connected to the evaluation of the intangible assets*" is amended as indicated here

following (the additions are indicated in bold type, while the text eliminated is printed but crossed out).

We also point out that, by effect of the RCS consolidation, as mentioned in the *pro-forma* financial information, the difference between the fair value of the Cairo Communication Shares which will be issued to serve the Capital Increase and the consolidated shareholders' equity of the RCS Group at 31 December 2015 will bring to light additional intangible assets which, in the *pro-forma* information, were provisionally posted under the "Intangible assets". **We point out that the increase in the Offer Consideration from 0.12 of a Cairo Communication Share to 0.16 of a Cairo Communication share for each RCS Share tendered to the Offer, will cause an increase in the intangible assets of the Post-Offer Cairo Communication Group.** The performance of the process for determining the fair value of the RCS Group's assets and liabilities, necessary, pursuant to IFRS 3, for the application of the so-called "acquisition method" will involve measuring the RCS Group's assets and liabilities on the date of the company's aggregation.

10. On page 78 of the Offer Document, Paragraph A.3.2 "*Dilution*" is amended as indicated here following (the additions are indicated in bold type, while the text eliminated is printed but crossed out).

The Cairo Communication Shares will be issued without option rights pursuant to Article 2441, paragraph 4, first sentence, of the Civil Code, inasmuch as offered in exchange to the RCS shareholders which tender the RCS Shares to the Offer. The dilution percentage for the present Cairo Communication shareholders will depend on the result of the Offer, inasmuch as the number of Cairo Communication Shares to be issued to serve the Offer will depend on the number of Offer acceptances.

If the Offer is accepted by 50% of the RCS shareholders, Cairo Communication will issue a total of **41,749,197** Cairo Communication Shares to be assigned to the Accepting Shareholders in exchange and the present Cairo Communication shareholders' stakes in the Offeror's share capital will be diluted by **34.76%**.

The following table shows the stakes that will be held by the shareholders who, according the Offeror's knowledge at the Offer Document Date, are holders of 5% or more of the Cairo Communication share capital, assuming that: (i) a number of RCS Shares representing 50% of the share capital are tendered to the Offer; (ii) after the Offer Document Date, no changes take place in the entity of the Cairo Communication relevant stakes; and (iii) UTC, at the Offer Document Date, the holder of 4.72% of the RCS share capital, does not contribute to the Offer any of its RCS Shares.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**29.28%**
	Urbano Cairo	**8.08%**
	UT Belgium Holding S.A.	**10.25%**
Total of relevant shareholders		**47.60%**
Market		**52.40%**
Total		100.00%

The following table shows the stakes that will be held by the shareholders who, according the Offeror's knowledge at the Offer Document Date, are holders of 5% or more of the Cairo Communication share capital, assuming that: (i) a number of RCS Shares representing 50% of the share capital, including the shares referred to under the successive point (iii), are tendered to the Offer; (ii) after the Offer Document Date, no changes take place in the entity of the Cairo Communication relevant stakes; and (iii) UTC, at the Offer Document Date, the holder of 4.72% of the RCS share capital, tenders to the Offer all its RCS Shares.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**32.56%**
	Urbano Cairo	**8.08%**
	UT Belgium Holding S.A.	**10.25%**
Total of relevant shareholders		**50.89%**
Market		**49.11%**
Total		100.00%

The following table shows the stakes held by the shareholders who, according the Offeror's knowledge at the Offer Document Date, are holders of 5% or more of the Cairo Communication share capital, assuming that: (i) during the Acceptance Period, a number of RCS Shares representing 35% of the share capital are tendered to the Offer; (ii) after the Offer Document Date, no changes take place in the entity of the Cairo Communication relevant stakes; and (iii) UTC, at the Offer Document Date, the holder of 4.724% of the RCS share capital, does not contribute to the Offer any of its RCS Shares.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**32.68%**
	Urbano Cairo	**9.02%**
	UT Belgium Holding S.A.	**11.44%**
Total of relevant shareholders		**53.15%**
Market		**46.85%**
Total		100.00%

The following table shows the stakes held by the shareholders who, according the Offeror's knowledge at the Offer Document Date, are holders of 5% or more of the Cairo Communication share capital, assuming that: (i) during the Acceptance Period, a number of RCS Shares representing 35% of the share capital, including the shares referred to under the successive point (iii), are tendered to the Offer; (ii) after the Offer Document Date, no changes take place in the entity of the Cairo Communication relevant stakes; and (iii) UTC, at the Offer Document Date, the holder of 4.724% of the RCS share capital, tenders to the Offer all its RCS Shares.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**36.35%**
	Urbano Cairo	**9.02%**
	UT Belgium Holding S.A.	**11.44%**
Total of relevant shareholders		**56.81%**
Market		**43.19%**
Total		100.00%

If the Offer is accepted by 100% of the RCS shareholders, Cairo Communication will issue a total of **83,498,393** Cairo Communication Shares to be assigned to the Accepting Shareholders in exchange and the present Cairo Communication shareholders' stakes in the Offeror's share capital will be diluted by **51.59%**.

The following table shows the stakes that will be held by the shareholders who, according the Offeror's knowledge at the Offer Document Date, are holders of 5% or more of the Cairo Communication share capital, assuming that: (i) a number of RCS Shares representing 100% of the share capital (therefore also including all the RCS Shares held by UTC) are tendered to the Offer; and (ii) after the Offer Document Date, no changes take place in the entity of the Cairo Communication relevant stakes.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**24.16%**
	Urbano Cairo	**6.00%**
	UT Belgium Holding S.A.	**7.60%**
Total of relevant shareholders		**37.76%**
Market		**62.24%**
Total		100.00%

For further details, see Section J of the Offer Document.

11. On page 80 of the Offer Document, the following additional Warning is inserted.

A.3.2-*bis* Risks connected to the introduction of the increased vote mechanism

On 17 June 2016, the Cairo Communication Board of Directors resolved to propose to the Extraordinary Shareholders' Meeting will be held on 18 July 2016 the amendment of the articles of association in order to introduce the increased voting right, pursuant to Article 127-*quinquies* of the TUF. In particular, the Board of Directors proposed to the Shareholders' Meeting to introduce into the articles of association the assignment of a double voting right (and therefore the right to two votes for each share) if both the following conditions are met: (a) the voting right is due to the subject who has held a real legitimising right for an uninterrupted period of at least twenty-four months; and (b) if the conditions indicated under (a) are proven by the uninterrupted registration, for a period of at least twenty-four months, in the special list instituted, and by a communication testifying the holding of the shares on the starting date of the said continuous period issued by the intermediary where the shares are deposited pursuant to law.

If the Extraordinary Shareholders' Meeting of 18 July 2016 resolves in favour of the proposal to introduce the mechanism of the increased voting right and if the Cairo Communication shareholders with relevant stakes request the entry on the specific special list for all or a part of their own ordinary shares, after holding said shares for 24 months without interruption, said shareholders would become able to exercise a number of voting rights at the shareholders' meeting more than proportional in respect of the stakes held by the same and they could also reinforce and/or acquire control or a considerable influence over Cairo Communication.

Therefore, after the introduction of the increased voting right mechanism, it could be more difficult for a third part to acquire, or to attempt to acquire, control over Cairo Communication.

If Urbano Cairo, UTC and U.T. Belgium Holding S.A. were to request the majority of the voting rights in respect of the entire equity held by the same and if no other shareholder were to request the increased voting right, in the case of the positive result of the Offer, after holding the shares uninterruptedly for 24 months:

i. if the RCS Shares tendered to the Offer were to represent 100% of the share capital, the said shareholders would be able, jointly, to exercise 54.82% of the total voting rights, specifically: (i) Urbano Cairo would hold the voting rights of 8.71% of the share capital; (ii) UTC would hold the voting rights of 35.08% of the share capital; and (iii) U.T. Belgium Holding S.A. would hold the voting rights of 11.04% of the share capital;
ii. if the RCS Shares tendered to the Offer were to represent 50% of the share capital (including the RCS Shares held by UTC), the said shareholders would be able, jointly, to exercise 67.45% of the total voting rights, specifically: (i) Urbano Cairo would hold the voting rights of 10.71% of the share capital; (ii) UTC would hold the voting rights of 43.16% of the share capital; and (iii) U.T. Belgium Holding S.A. would hold the voting rights of 13.58% of the share capital;
iii. if the RCS Shares tendered to the Offer were to represent 35% of the share capital (including the RCS Shares held by UTC), the said shareholders would be able, jointly, to exercise 72.46% of the total voting rights, specifically: (i) Urbano Cairo would hold the voting rights of 11.51% of the share capital; (ii) UTC would hold the voting rights of 46.36% of the share capital; and (iii) U.T. Belgium Holding S.A. would hold the voting rights of 14.59% of the share capital.

For more information on the increased voting right mechanism, see Paragraph E.7.5, Section E, of the Offer Document.

12. On page 81 of the Offer Document, the first sentence of the Paragraph A.3.4 "*Management of the fractions of the Cairo Communication Shares tendered for exchange*" is amended as indicated here following (the additions are indicated in bold type).

For each RCS Share tendered to the Offer, a Consideration equal to **0.16** of a Cairo Communication Share will be assigned. Therefore, the number of Cairo Communication Shares due to each Accepting Shareholder might not be a whole number.

B. SUBJECTS PARTICIPATING IN THE TRANSACTION

1. On page 83 of the Offer Document, under Paragraph B.1.4.a, "Share capital underwritten and paid up", the following sentences are inserted after the second sentence.

We also point out that on 17 June 2016 the convocation notice was published for the Cairo Communication Extraordinary Shareholders' Meeting scheduled for 18 July 2016, called upon to resolve on the following items on the agenda:

1. proposal for the approval of the Capital Increase by payment, excluding option rights pursuant to Article 2441, paragraph four, first sentence, of the Civil Code, to be released by the contribution in nature of the RCS Shares tendered to the Offer (after revocation of the resolution approving the capital increase taken by the Extraordinary Shareholders' Meeting of 12 May 2016);

2. attribution to the Board of Directors, pursuant to Article 2443 of the Civil Code, of the faculty of increasing the share capital, in one or more tranches for maximum sums of EUR 70 million, including possible share premium, for payment and also fractioned, by the issue of new shares and excluding option rights pursuant to Article 2441, paragraph four, second sentence, of the Civil Code;

3. amendment of Article 6 and of Articles 13 of the articles of association pursuant to Article 127-*quinquies* of the TUF; amendment of Article 10 of the articles of association.

We point out that, also due to the legislative framework that disciplines relaunch and amendments to the Offer when a competitive offer is made, the Cairo Communication Board of Directors' meeting of 17 June 2016 resolved on proposing to the Extraordinary Shareholders' Meeting called for 18 July 2016 the Capital Increase, pursuant to which Cairo Communication will be able to issue a maximum of 104,372,991 shares in exchange for the contribution of RCS Shares, providing that the Board of Directors, on the occasion of the execution of said Capital Increase, will be able to determine the number of Cairo Communication Shares to be issued for each RCS Share tendered to the Offer. The maximum number of Cairo Communication shares resulting from the Capital Increase corresponds to an implicit exchange ratio of 0.20 of a Cairo Communication share for each RCS Share. This implicit exchange ratio is higher than the exchange ratio resulting from the application of the stock market price method, the target price method and the stock exchange multiples method (see Paragraph E.1 of this Supplement). However, in determining the maximum number of Cairo Communication shares of the Capital Increase and of the corresponding implicit swap ratio, the Cairo Communication Board of Directors has also taken into account the estimated value of the expected increased results of RCS, pursuant to the Integration Project, compared to those of the RCS 2016-2018 business plan, presented to the market on 21 December 2015. These expected higher results in terms of EBITDA forecast for the financial year 2018 have been valorised by the application of the multiple 2018 EV/EBITDA of comparable companies (see Paragraph E.1 of this Supplement). In the extreme case of the full assignment of the greater results expected for RCS on the valorisation of the RCS shares, the average values of the intervals of the exchangeratios, including the greater results as indicated in Paragraph E.1 of this Supplement, would be equal to: (i) 0.20 applying the stock exchange price method; (ii) 0.21 applying the target price method and (iii) 0.20 applying the stock exchange multiples method.

We also point out that on 17 June 2016, the Board of Directors resolved on proposing to the Cairo Communication shareholders that they delegate the Board of Directors to increase the share capital by a maximum amount of EUR 70,000,000 (including premium) by the issue of a number of shares not exceeding 10% of the Cairo Communication capital, with exclusion of option rights pursuant to Article 2441, paragraph 4, second sentence, of the Civil Code. The shares resulting from the said capital increase can be offered for underwriting with payment in cash, to shareholders and to third parties, including institutional investors or strategic partners, and/or to serve the issue of financial instruments (including, by way of example, equity-linked bonds) which give the right to the underwriting of Cairo Communication shares and/or which contemplate or consent the conversion into Cairo Communication shares. The purpose of the said capital increase is to provide the Board of Directors with suitable tools which allow for the reinforcement of the capital of the Cairo Communication Group also to satisfy the financial need that could ensue from the purchase of the RCS control. On the Supplement Date, Cairo Communication maintains that the exercise of the power of proxy relative to said capital increase is not necessary for the execution of the Integration Project or to cover the Cairo Communication Group's need during the 12 months following the Offer Document Date. Nevertheless, the Board of Directors has deemed it opportune to propose to the shareholders' meeting the issue of the power of proxy in order to have an additional tool for possible financing if, also in consideration of the fact that the Offeror has not carried out any due diligence investigation on the RCS Group, financial needs arise that are not contemplated at present, in relations to the purpose of the controlling interest in RCS, or to exploit development opportunities not considered by the Integration Project. The power of proxy for the capital increase proposed by the Board of Directors to the shareholders' meeting contemplates that the capital increases that are decided in the exercise of the power of proxy may be carried out only if the Offer has prevailed, pursuant to Article 44, paragraph 7, of the Issuers' Regulations.

2. On page. 85 of the Offer Document, after the last sentence of Paragraph B.1.5.a., "Major shareholders", the following paragraph has been added.

Based on the information available to Cairo Communication, on 17 June 2016 a shareholders' agreement was stipulated, pursuant to art. 122 of the TUF, between UTC, U.T. Belgium Holding S.A. and Mr Roberto Urbano Cairo which, together, hold 72.98% of the Cairo Communication equity. Pursuant to the agreement the said shareholders unconditionally and irrevocably undertook, also in the interests of Cairo Communication, to attend the Cairo Communication Extraordinary Shareholders' Meeting on 18 July 2016 and to vote in favour of the capital increase and to guarantee the approval of the same. The said shareholders have also conferred on the notary Mr. Andrea De Costa, with the faculty of arranging to be substituted, powers of proxy and binding instructions to vote in favour of the Capital Increase at the Extraordinary Shareholders' Meeting on 18 July 2016, according to the obligations assumed.

3. On page 164 of the Offer Document, Paragraph B.1.15, "*Pro-forma financial information*", is amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).

This paragraph includes the document "*Pro-Forma Consolidated Balance Sheet, Pro-Forma Consolidated Income Statement, Pro-Forma Consolidated Comprehensive Income Statement, Pro-Forma Consolidated Cash Flow Statement and related notes of the Cairo Communication Group S.p.A. at 31 December 2015*" (the "**Pro-Forma Consolidated Prospectuses**"), drawn up to illustrate the main effects of the Offer, **as illustrated in the Offer Document and in the Supplement**, on the Cairo Communication Group's equity, financial and economic situation, as if the said Offer had been finalised on 31 December 2015 with reference to the equity effects, and on 1 January 2015 with reference to the economic and cash flow effects. Should the Offer be successful, Cairo Communication will acquire the controlling stake in RCS against the Capital Increase to service the Offer ~~described in the "Premise" of this Offer Document~~.

The Pro-Forma Consolidated Prospectuses have been subject to review by the Auditing Firm, which issued its report on **17 June 2016** ~~23 May 2016~~, with reference to the reasonableness of the underlying assumptions made, to the correctness of the methodology used and to the correctness of valuation criteria and the accounting standards used.

Pro-Forma Consolidated Balance Sheet, Pro-Forma Consolidated Income Statement, Pro-Forma Consolidated Comprehensive Income Statement, Pro-Forma Consolidated Cash Flow Statement and related notes of the Cairo Communication Group S.p.A. at 31 December 2015

1. Premise

This chapter presents, solely for informational purposes, the Pro-Forma Consolidated Prospectuses.

The Pro-Forma Consolidated Prospectuses have been drawn up as required by Regulation (EC) No. 809/2004 for their inclusion in the **Supplement** ~~Offer Document, drawn up pursuant to Article 34-*ter*, paragraph 1, letter j), and Article 57, paragraph 1, letter c), of the Issuers' Regulation~~.

The Pro-Forma Consolidated Prospectuses were drawn up in order to simulate, in accordance with valuation criteria consistent with the historical figures and in compliance with the relevant regulations, the main effects of the Offer on the Cairo Communication Group's equity, financial and economic position and results, as if the said Offer had virtually taken place on 31 December 2015 with reference to the equity effects, and on 1 January 2015 with reference to the economic and cash flow effects.

The pro-forma financial information, by its nature, concerns a hypothetical situation and, therefore, does not represent the Cairo Communication Group's equity and financial position or its actual results for the year closed on 31 December 2015.

Furthermore, as previously stated, please note that the information contained in the Pro-Forma Consolidated Prospectuses represent a simulation, provided merely for illustrative purposes, of the possible effects that may arise from the transaction. In particular, since the pro-forma figures are constructed to reflect retroactively the effects of successive transactions, despite compliance with the generally accepted rules and the use of reasonable assumptions, there are limitations inherent in the very nature of the pro-forma figures. Therefore, it is stated that if the transaction had actually taken place on the dates assumed, it is not said that the same results as presented in the Pro-Forma Consolidated Prospectuses would have been obtained. Moreover, in view of the differing purposes of the pro-forma figures with respect to the figures of the historical financial statements and of the different methods used in calculating the effects of the Offer with reference to the Pro-Forma Consolidated Prospectuses, these documents must be read and interpreted without seeking accounting links between the same.

It is noted that the Pro-Forma Consolidated Prospectuses are not intended in any way to represent a forecast of the Cairo Communication Group's future results and, therefore, must not be used in this sense. Therefore, the Pro-Forma Consolidated Prospectuses do not include the effects arising from the implementation of the actions described in Paragraph **B.1.24, "Forecasts and estimates of profits", of this Supplement** ~~G.2.2, Section G, of the Offer Document, which relate mainly to the implementation of the industrial project concerning the RCS Group~~.

The Pro-Forma Consolidated Prospectuses must be read in conjunction:

- with the Cairo Communication Group's consolidated financial statements at 31 December 2015 subject to statutory audit by the Auditing Firm, which issued its unqualified report on 5 April 2016;

- with the RCS Group's consolidated financial statements at 31 December 2015 subject to statutory audit by the Auditing Firm appointed by RCS, which issued its unqualified report on 6 April 2016. This report refers to the information given by the directors in note 6 "*Basis of preparation – adoption of the going concern assumption in drawing up the financial statements*", as regards the events and circumstances that indicate the existence of material uncertainty that could cast significant doubts on the RCS Group's ability to continue to operate as a going concern. The same note illustrates both the steps taken by management and the reasons for which the directors considered it appropriate to continue to adopt the going concern assumption in drawing up the consolidated financial statements.

The underlying assumptions used in constructing the pro-forma figures relate to the following hypothesised elements:

- acquisition of a percentage equal to 50% plus 1 (one) RCS Share of the RCS share capital by the Cairo Communication Group through the Capital Increase;
- consolidation of the RCS Group;
- fulfilment of the Financial Condition.

2. Pro-Forma Consolidated Prospectuses

This paragraph shows the tables relating to the Pro-Forma Consolidated Balance Sheet, Pro-Forma Consolidated Income Statement, Pro-Forma Consolidated Comprehensive Income Statement, Pro-Forma Consolidated Cash Flow Statement relating to the financial year closed on 31 December 2015 and the related notes.

The pro-forma financial information is presented in columnar format and comprises:

(a) the financial information of the Cairo Communication Group and of the RCS Group relating to the 2015 financial year drawn from the annual consolidated financial statements at 31 December 2015;

(b) the pro-forma adjustments; and

(c) the pro-forma consolidated financial information resulting in the last column.

2.1 Pro-Forma Consolidated Balance Sheet

The following table shows the pro-forma adjustments broken down by type, with comments provided in the following paragraph 2.5.2, carried out to represent the significant effects of the Offer on the Cairo Communication Group's consolidated balance sheet at 31 December 2015.

PRO-FORMA CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015 (EUR/MILLION)	CAIRO COMMUNICATION GROUP	RCS GROUP	PRO-FORMA SHARE CAPITAL INCREASE EFFECTS	PRO-FORMA CONSOLIDATION EFFECTS	OTHER PRO-FORMA ADJUSTMENTS	PRO-FORMA CONSOLIDATED
Assets						
Property, plant and equipment and real estate investments (1)	3.0	123.9	-	-	-	126.9
Intangible assets	61.0	416.0	-	**133.3**	-	610.3
Equity investments	0.1	51.0	**183.3**	**(183.3)**	-	51.1
Non-current financial assets (2)	1.6	19.6	-	-	-	21.2
Non-current financial assets available for sale	-	5.2	-	-	-	5.2
Deferred tax assets	4.2	129.3	-	-	-	133.5
Total non-current assets	69.9	745.0	**183.3**	(50.0)	-	**948.2**
Inventories	3.1	21.4	-	-	-	24.5
Trade receivables	78.5	282.0	-	-	-	360.5
Receivables due from parent companies	3.2	-	-	-	-	3.2
Sundry receivables and other current assets (3)	5.3	55.9	-	-	-	61.2
Cash and other cash equivalents	125.8	9.8	-	-	-	135.6
Total current assets	215.9	369.1	-	-	-	585.0
Non-current assets held for sale and discontinued operations	-	253.7	-	-	-	253.7
Total assets	285.8	1.367.8	**183.3**	(50.0)	-	**1,786.9**
Shareholders' equity and Liabilities			\			
Capital	4.1	475.1	**2.2**	(475.1)	-	**6.3**
Share premium reserve	30.5	110.4	**181.1**	(110.4)	-	**211.6**
Earnings (Losses) from previous financial years and other reserves (4)	70.6	(309.8)	-	309.8	-	70.6
Profit for the period	11.1	(175.7)	-	175.7	-	11.1
Shareholders' equity attributable to the Group	116.3	100.0	**183.3**	(100.0)	-	**299.6**
Capital and reserves attributable to minority interests	0.1	5.2	-	50.0	-	55.3
Total shareholders' equity	116.4	105.2	**183.3**	(50.0)	-	**354.9**
Non-current financial payables and liabilities (5	15.0	26.6	-	-	320.3	361.9
Severance indemnity	13.3	40.1	-	-	-	53.4
Deferred tax provision	-	57.9	-	-	-	57.9
Provisions for risks and charges	28.6	17.2	-	-	-	45.8
Other non-current liabilities	-	3.6	-	-	-	3.6
Total non-current liabilities	56.9	145.4	-	-	320.3	522.6
Payables to banks	-	38.4	-	-	-	38.4
Current financial payables and liabilities	5.0	479.3	-	-	(320.3)	164.0
Trade payables	82.4	284.2	-	-	-	366.6

Payables to parent companies	0.8	-	-	-	-	0.8
Tax payables	3.5	0.5	-	-	-	4.0
Other current liabilities (6)	20.8	172.1	-	-	-	192.9
Total current liabilities	112.5	974.5	-	-	(320.3)	766.7
Liabilities associated with assets held for sale and discontinued operations	-	142.7	-	-	-	142.7
Total liabilities	169.4	1,262.6	-	-	-	1,432.0
Total shareholders' equity and liabilities	285.8	1,367.8	**183.3**	(50.0)	-	**1,786.9**

(1) This item shows in aggregate form the following items shown separately in the statement of financial position included in the RCS Group's annual consolidated financial statements: Property, plant and equipment (EUR 102.4 million) and Real estate investments (EUR 21.5 million).

(2) This item shows in aggregate form the following items shown separately in the statement of financial position included in the RCS Group's annual consolidated financial statements: Non-current financial receivables (EUR 4.8 million), Other non-current assets (EUR 14.8 million).

(3) This item shows in aggregate form the following items shown separately in the statement of financial position included in the RCS Group's annual consolidated financial statements: Sundry receivables and other current assets (EUR 42.8 million), Current tax assets (EUR 9.5 million), Current financial receivables (EUR 3.6 million).

(4) This item shows in aggregate form the following items shown separately in the statement of financial position included in the RCS Group's annual consolidated financial statements: Legal reserve (EUR 19.1 million), Treasury shares (negative for EUR 27.1 million), Equity transaction (negative for EUR 147.7 million), Valuation reserve (EUR 8.6 million), Cash flow hedge reserve (negative for EUR 6.3 million), Profits (losses) carried forward (negative for EUR 156.4 million).

(5) This item shows in aggregate form the following items shown separately in the statement of financial position included in the RCS Group's annual consolidated financial statements: Non-current financial payables and liabilities (EUR 15.6 million), Financial liabilities for derivative instruments (EUR 11 million).

(6) This item shows in aggregate form the following items shown separately in the statement of financial position included in the RCS Group's annual consolidated financial statements: Current portion of provisions for risks and charges (EUR 40.5 million), Sundry payables and other current liabilities (EUR 131.6 million)..

To better understand the Pro-Forma Consolidated Balance Sheet, it must be noted, as shown in the RCS Group's annual consolidated financial statements at 31 December 2015, that:

- at 31 December 2015, the sale to Arnoldo Mondadori Editore S.p.A. of the entire equity investment held by RCS in RCS Libri S.p.A. was being finalised. Consequently, the assets and liabilities attributable to RCS Libri have been classified in the RCS Group's consolidated financial statements at 31 December 2015 under specific balance sheet items. In particular, the RCS Group's consolidated balance sheet at 31 December 2015 includes non-current assets held for sale of EUR 253.7 million, of which a positive net financial position of EUR 44.2 million, and liabilities associated with assets held for sale of EUR 142.7 million;
- as a result of the failure to comply with the covenants set out in the loan agreement concluded on 14 June 2013 and taking into account the provisions of IAS 1, paragraph 74, the RCS Group has classified under the current liabilities at 31 December 2015, the portion of debt that was originally long-term of EUR 302.8 million. The current debt portion relating to this loan amounted to EUR 100.8 million at the same date of 31 December 2015.

2.2 Pro-Forma Consolidated Income Statement

The following table shows the pro-forma adjustments, with comments provided in the following paragraph 2.5.2, carried out to represent the significant effects of the Offer on the Cairo Communication Group's consolidated income statement for the financial year closed on 31 December 2015.

Pro-Forma Consolidated Income Statement 31 December 2015 (EUR/million)	Cairo Communication Group	RCS Group	Pro-Forma Adjustments	Pro-Forma Consolidated
Net revenues	226.6	1,032.2	-	1,258.8
Other revenue and income	9.4	27.0	-	36.4
Changes in inventories of finished products	-	0.5	-	0.5
Consumption of raw and subsidiary materials and consumables (1)	(21.9)	(164.8)	-	(186.7)
Costs for services (1)	(113.5)	(453.1)	-	(566.6)
Costs for use of third-party assets (1)	(20.4)	(59.6)	-	(80.0)
Personnel costs	(61.0)	(318.3)	-	(379.3)
Amortisation, provisions and impairment (2)	(8.2)	(143.2)	-	(151.4)
Income from the valuation of equity investments using the equity method	-	2.5	-	2.5
Other operating costs	(1.7)	(30.2)	-	(31.9)
EBIT	9.3	(107.0)	-	(97.7)
Net financial income (3)	0.7	(36.3)	-	(35.6)
Profit before taxes	10.0	(143.3)	-	(133.3)
Taxes for the period	1.1	7.9	-	9.0
Net profit or loss from continuing operations	11.1	(135.4)	-	(124.3)
Net profit or loss from discontinued operations	-	(38.8)	-	(38.8)
Net profit or loss for the financial year	11.1	(174.2)	-	(163.1)
- Attributable to the Group	11.1	(175.7)	87.1	(77.5)
- Attributable to minority interests	-	1.5	(87.1)	(85.6)
Net profit or loss for the financial year	11.1	(174.2)	-	(163.1)

(1) The Prospectus of the RCS Group's consolidated income statement shows these items in a single item, "Consumption of raw materials and services", totalling EUR 677.5 million.

(2) This item shows in aggregate form the following items shown separately in the prospectus of the consolidated income statement included in the RCS Group's annual consolidated financial statements: Provisions (EUR 15.7 million), Impairment of trade and other receivables (EUR 4.1 million), Amortisation of intangible assets (EUR 39.4 million), Depreciation of property, plant and equipment (EUR 19.2 million), Depreciation of real estate investments (EUR 0.7 million), Impairment of fixed assets (EUR 64.1 million). With reference to the Cairo Communication Group, this item includes Amortisation of intangible assets (EUR 6.7 million), Depreciation of property, plant and equipment (EUR 0.5 million), Allocations to provision for bad debts (EUR 0.8 million), Provisions the risks and charges (EUR 0.2 million).

(3) This item shows in aggregate form the following items shown separately in the prospectus of the consolidated income statement included in the RCS Group's annual consolidated financial statements: Financial income (positive for EUR 2.2 million), Financing costs (EUR 37.1 million), Other income and charges from financial assets and liabilities (negative for EUR 1.4 million).

To better understand the Pro-Forma Consolidated Income Statement, it must be noted that:

- at 31 December 2015, the sale to Arnoldo Mondadori Editore S.p.A. of the entire equity investment held by RCS in RCS Libri S.p.A. was being finalised. Consequently, the economic result attributable to RCS Libri S.p.A., amounting to a loss of EUR 38.8 million, was classified under a specific item of the consolidated income statement;

- the prospectus of the consolidated income statement drawn up pursuant to CONSOB Resolution no. 15519 of 27 July 2006 and included in the RCS Group's annual consolidated financial statements shows the non-recurring charges totalling EUR 61.4 million and the non-recurring income totalling EUR 2.4 million for the 2015 financial year;

- in the 2015 financial year, the item "other revenue" of the Cairo Communication Group, amounting to EUR 9.4 million, includes mainly revenue from pulp and/or sale of paper for approximately EUR 0.9 million, recharged costs and other revenue for approximately EUR 1 million, contingent assets related to operating activities for approximately EUR 6.7 million (mainly due to non-existent liabilities and/or to their extinction for lesser amounts than those posted in previous financial years, related to the personnel for EUR 1.8 million and to the suppliers of services for EUR 4.6 million) and release of provisions for risks and charges and of provisions for bad debts for a total of EUR 0.8 million. The item other revenues of the RCS Group, amounting to EUR 27 million, includes mainly sales returns waste and various materials for EUR 3.2 million, other revenue for EUR 7.2 million, cost recovery for EUR 5.6 million, ordinary recovery provisions for risks for EUR 3.6 million, ordinary recovery and use provisions for bad debts for EUR 2.7 million, capital gains from disposal for EUR 1.3 million, rental income for EUR 2.9 million and income for contributions for EUR 0.5 million.

2.2.1 Pro-Forma EBITDA

EBITDA is not identified as an accounting measure defined by the IFRS, and therefore the criteria used to determine it may not be comparable between different companies or groups.

Given the non-comparable nature of the EBITDA definitions adopted by Cairo Communication and by RCS, only for illustrative purposes related to the presentation of the pro-forma figures in this **Supplement** ~~Offer Document~~, the Cairo Communication Group's Pro-Forma Consolidated EBITDA at 31 December 2015 was determined according to a literal definition, starting from EBIT adjusted for the equity investment profit or loss and for the amortisation/depreciation and impairment of property, plant and equipment and of intangible assets.

For that matter, it is specified that in the Annual Report 2015 of RCS, the RCS directors have indicated that "*as of this Financial Report at 31 December 2015, the net income from equity investments accounted for using the equity method has been classified in a pre-EBITDA balance sheet line and, for consistency, was reclassified during the 2014 period used for comparison. This classification was deemed more in line with the substance of the facts as a result of the sale, liquidation or total impairment of equity investments accounted for at equity, having non-core nature, the item now contains only the income and expenses of equity investments whose activities are strictly functional to the [RCS] Group's activities*".

The Cairo Communication Group's Pro-Forma Consolidated EBITDA can be reconciled as follows with the Cairo Communication Group's Pro-Forma Consolidated EBIT for the 2015 financial year and with the consolidated income statements relating to the same financial year of the Cairo Communication Group and of the Group RCS:

Pro-Forma Consolidated EBITDA at 31 December 2015 (EUR/million)	Cairo Communication Group	RCS Group	Pro-Forma Adjustments	Pro-Forma Consolidated
EBIT	**9.3**	**(107.0)**	**-**	**(97.7)**
Amortisation	7.2	59.3	-	66.5
Allocations to provisions for risks and to provision for bad debts	1.0	-	-	1.0
Impairment of property, plant and equipment and of intangible assets	-	64.1	-	64.1
Reported EBITDA (1)	**17.5**	**16.4**	**-**	**33.9**
Allocations to provisions for risks and to provision for bad debts	(1.0)	-	-	(1.0)
Shares and income/expenses from valuation of equity investments using the equity method	-	(2.5)	-	(2.5)
EBITDA	**16.5**	**13.9**	**-**	**30.4**
Revenues	226.6	1,032.2		1,258.8
EBITDA margin %	7.3%	1.3%		2.4%

(1) EBITDA inferable from the 2015 Annual Financial Report of the Cairo Communication Group and of the RCS Group.

Consistently with the literal definition of EBITDA adopted solely for illustrative purposes related to the presentation of the pro-forma figures:

- the Cairo Communication Group's EBITDA inferable from the Cairo Communication Group's 2015 Annual Financial Report was subject to adjustment for a total of EUR 1 million attributable to the item "allocations to provisions for risks and to provision for bad debts",
- the RCS Group's EBITDA inferable from the RCS Group's 2015 Annual Financial Report was subject to adjustment for a total of EUR 2.5 million attributable to the item "shares and income/expenses from valuation of equity investments using the equity method".

2.3 Pro-Forma Consolidated Comprehensive Income Statement

The following table shows the pro-forma adjustments, with comments provided in the following paragraph 2.5.2, carried out to represent the significant effects of the Offer on the Cairo Communication Group's consolidated comprehensive income statement for the financial year closed on 31 December 2015.

Pro-Forma Consolidated Comprehensive Income Statement 31 December 2015 (EUR/million)	Cairo Communication Group	RCS Group	Pro-Forma Adjustments	Pro-Forma Consolidated
Net Profit or Loss for the Financial Year	11.1	(174.2)	-	(163.1)
Other reclassifiable items of the comprehensive income statement				
Profits (Losses) arising from translation of financial statements in foreign currencies	-	2.3	-	2.3
Profits (Losses) on cash flow hedges	-	(1.2)	-	(1.2)
Reclassification to income statement of Profits (Losses) on cash flow hedges	-	7.5	-	7.5
Tax effect	-	(1.8)	-	(1.8)
Other non-reclassifiable items of the comprehensive income statement				
Actuarial profits (losses) from defined benefit plans	-	1.5	-	1.5
Tax effect	-	(0.4)	-	(0.4)
Total comprehensive income statement for the period	11.1	(166.3)	-	(155.2)
- Attributable to the Group	11.1	(167.8)	83.2	(73.6)
- Attributable to minority interests	-	1.5	(83.2)	(81.7)
Total comprehensive income statement for the period	11.1	(166.3)	-	(155.2)

2.4 Pro-Forma Consolidated Cash Flow Statement

The following table shows the Cairo Communication Group's Pro-Forma Consolidated Cash Flow Statement for the financial year closed on 31 December 2015.

No pro-forma adjustments have been identified to represent the significant effects of the Offer on the Cairo Communication Group's consolidated cash flow statement for the financial year closed on 31 December 2015 due to the fact that the Capital Increase arising from the Offer is matched by the acquisition of the equity investment in RCS without causing any cash flow.

Pro-Forma Consolidated Cash Flow Statement at 31 December 2015 (EUR/million)	Cairo Communication Group	RCS Group	Pro-Forma Adjustments	Pro-Forma Consolidated
INITIAL CASH AND OTHER CASH EQUIVALENTS	149.1	(25.2)	-	123.9
OPERATING ACTIVITIES				
Profit or loss from continuing operations before tax	10.0	(143.3)	-	(133.3)
Profit or loss from assets held for sale/discontinued operations before tax	-	(6.1)	-	(6.1)
Amortisation and impairment	7.2	123.4	-	130.6
Net financial income	(0.7)	34.8	-	34.1
(Capital gains) capital losses and other non-monetary items	-	(7.0)	-	(7.0)
Net change in severance indemnity	(0.3)	(5.1)	-	(5.4)
Net change in provisions for risks and charges	(1.7)	-	-	(1.7)
Cash flows from operating activities before changes in working capital	14.5	(3.3)	-	11.2
Changes in working capital	(3.7)	10.4	-	6.7
Changes in assets held for sale and discontinued operations	-	21.4	-	21.4
TOTAL CASH FROM OPERATING ACTIVITIES	10.8	28.5	-	39.3
Income taxes collected (paid)	2.9	-	-	2.9
TOTAL NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	13.7	28.5	-	42.2
INVESTMENT ACTIVITIES				
Net (investments) disinvestments of property, plant and equipment and of intangible assets	(11.3)	(56.8)	-	(68.1)
Proceeds on disposal of equity investments and sale of fixed assets (1)	-	42.9	-	42.9
Changes in assets held for sale and discontinued operations	-	(6.9)	-	(6.9)
Net increase in other non-current assets (2)	(0.5)	0.8	-	0.3
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(11.8)	(20.0)	-	(31.8)
FINANCIAL ACTIVITIES				
Dividends distributed	(21.2)	(1.4)	-	(22.6)
Financial interest and income collected (paid)	1.0	(30.0)	-	(29.0)
Increase (decrease) in financial debt	(5.0)	30.1	-	25.1
Changes in assets held for sale and discontinued operations	-	(7.7)	-	(7.7)
Other changes in shareholders' equity	-	(0.1)	-	(0.1)
NET CASH USED IN FINANCIAL ACTIVITIES (C)	(25.2)	(9.1)	-	(34.3)
CASH FLOW FOR THE PERIOD (A)+(B)+(C)	(23.3)	(0.6)	-	(23.9)
CLOSING NET CASH AND OTHER CASH EQUIVALENTS	125.8	(25.8)	-	100.0
ADDITIONAL INFORMATION OF THE CASH FLOW STATEMENT				
Cash and cash equivalents	125.8	9.8	-	135.6
Cash and cash equivalents of assets held for sale	-	2.8	-	2.8
Current payables to banks	-	(38.4)	-	(38.4)
Cash and cash equivalents at end of financial year	125.8	(25.8)	-	100.0

(1) This item shows in aggregate form the following items shown separately in the cash flow statement included in the RCS Group's annual consolidated financial statements: Proceeds on disposal of equity investments (EUR 39.5 million), Proceeds on sale of fixed assets (EUR 3.4 million).

(2) This item shows in aggregate form the following items shown separately in the consolidated income statement included in the RCS Group's annual consolidated financial statements: Investments in equity investments, net of dividends received (positive for EUR 1.2 million), Acquisitions of other financial fixed assets (negative for EUR 0.4 million).

2.5 Note to the Pro-Forma Consolidated Prospectuses

2.5.1 Basis of presentation and accounting standards used

The Pro-Forma Consolidated Prospectuses were drawn up, as regards both their form and content, in accordance with the CONSOB Communication No. DEM/1052803 of 5 July 2001 and on the basis of the indications set out in Annex II to Regulation (EC) No. 809/2004. In particular, the Pro-Forma Consolidated Balance Sheet, Pro-Forma Consolidated Income Statement, Pro-Forma Consolidated Comprehensive Income Statement, Pro-Forma Consolidated Cash Flow Statement were prepared by adjusting the Cairo Communication Group's historical figures, derived from the Cairo Communication Group's Consolidated Financial Statements, in order to simulate the main equity, financial and economic effects that could arise from the Offer.

The accounting standards adopted in drawing up the Pro-Forma Consolidated Prospectuses are those used in drawing up the Cairo Communication Group's Consolidated Financial Statements, and in particular the International Financial Reporting Standards that include all the "International Accounting Standards", all the "International Financial Reporting Standards" and all interpretations of the "International Financial Reporting Interpretations Committee" previously known as the "Standing Interpretations Committee", adopted by the European Union ("IFRS").

The assumptions used in constructing the pro-forma figures are derived from the content of the Offer, from the articulated terms of the Condition of Effectiveness and from further clarifications reported below.

Should the Offer be successful, Cairo Communication will acquire the controlling stake in RCS through the Capital Increase to service the Offer. Consequently, the Cairo Communication Group will include the RCS Group in its scope of consolidation.

The underlying assumptions used in constructing the pro-forma figures relate to the following hypothesised elements:

- acquisition of a percentage equal to 50% plus 1 (one) RCS Share of the RCS share capital by the Cairo Communication Group through the Capital Increase;
- consolidation of the RCS Group;
- fulfilment of the Financial Condition.

The fulfilment of the Financial Condition implies that the repayment of the debt principal referred to in the loan agreement of 14 June 2013 will be postponed at least until the approval of the RCS financial statements at 31 December 2017, without prejudice to partial early repayment of the net proceeds deriving from the sale of RCS Libri S.p.A..

Since the RCS Group's consolidated financial statements at 31 December 2015 do not allow for inferring detailed information regarding the short-term credit lines granted to RCS, in drawing up the Pro-Forma Consolidated Prospectuses it was not possible to make any assumption regarding a possible change in the repayment terms of this debt.

In order to complete the information framework required for constructing the pro-forma figures, the following is also specified:

- the Cairo Communication Group's net financial position at 31 December 2015 includes a bank loan of EUR 20 million, of which EUR 15 million are classified under the non-current financial liabilities, which contains certain financial covenants to be verified annually at the Cairo Communication Group level: the debt cover (i.e. the net financial debt/EBITDA ratio), which must be less than or equal to 1.75, and the leverage (i.e. the net financial debt/equity ratio), which must be less than or equal to 1. The failure to meet the commitment and/or financial covenants may result in the termination of the loan agreement. Should the Offer be successful and if the financial covenants set out in the loan agreement are not met, at the level of the consolidated financial statements of the Cairo Communication Group including the RCS Group, the Offeror will consider whether it is best to renegotiate the loan agreement or to make the full repayment according to the schedule set out in the agreement. Having considered (i) that at 31 December 2015, with reference to the Cairo Communication Group's consolidated financial statements, these covenants have been respected and (ii) that the effects deriving from any possible non-compliance with the covenants as a result of the consolidation of the RCS Group would occur after the twelve months following 31 December 2015, no pro-forma adjustments related to the classification of such financial liabilities have been made;

- in drawing up the Pro-Forma Consolidated Prospectuses, for simplicity, the effects deriving from the accessory transaction charges relating to the Capital Increase and **to** acquisition of the equity investment in RCS are not considered;

- in drawing up the Cairo Communication Group's Pro-Forma Consolidated Income Statement and Pro-Forma Consolidated Comprehensive Income Statement at 31 December 2015, an amount of financing costs equal to that for the financial year closed on 31 December 2015 was assumed;

- the information related to RCS used in drawing up the Pro-Forma Consolidated Prospectuses contained in this **Supplement** ~~Offer Document~~ are taken solely from the consolidated financial statements drawn up by the RCS Group for the financial year closed on 31 December 31, 2015, subject to statutory audit by the Auditing Firm appointed by RCS, on which the Offeror has not carried out any independent verification;

- the prospectuses of the RCS Group's consolidated income statement, consolidated comprehensive income statement, consolidated financial position statement and consolidated cash flow statement at 31 December 2015 have been adapted, based on publicly available information, to the prospectuses of the Cairo Communication Group's consolidated income statement, consolidated comprehensive income statement, consolidated financial position statement and consolidated cash flow statement in order to make them comparable. These adaptations, consisting mainly of aggregations of items reported separately in the prospectuses of the RCS Group's consolidated income statement, consolidated comprehensive income statement, consolidated financial position statement and consolidated cash flow statement at 31 December 2015 are illustrated by the notes at the foot of each of the Pro-Forma Consolidated Prospectuses;

- the data included in the Cairo Communication Group's Pro-Forma Consolidated Prospectuses are shown in millions of EUR, whereas the Cairo Communication Group's financial information included in the annual consolidated financial statements are presented in thousands of EUR. Any differences found in certain tables are due to rounding of conversion to millions of EUR of the figures originally expressed in thousands of EUR.

2.5.2 Description of the pro-forma adjustments made in drawing up the Pro-Forma Consolidated Prospectuses

Below is a brief description of the pro-forma entries made in drawing up the Pro-Forma Consolidated Prospectuses.

2.5.2.1 Pro-Forma Consolidated Balance Sheet

The pro-forma adjustments reflect the effects:

- **of the issue, in the case of full acceptance of the Offer, of a maximum of 83,498,393 Cairo Communication Shares deriving from the Capital Increase servicing the Offer which will be submitted to the approval of Extraordinary Shareholders' Meeting called for 18 July 2016** ~~of the Capital Increase resolved by the Extraordinary Shareholders' Meeting held on 12 May 2016 and regarding the issue of a maximum number of 62,623,795 Cairo Communication Shares~~, to be paid by contribution in kind of the RCS shares tendered to the Offer, with an exchange ratio of EUR **0.16** to which it is attached, pursuant to Articles 2343-*ter* and 2440 of the Civil Code, a unit value of EUR **0.7024**. This capital increase, assuming the case that the acceptances of the Offer are such as to allow Cairo Communication to obtain a percentage of the share capital of RCS of 50% plus 1 (one) RCS Share, would result in an increase in Cairo Communication's share capital of EUR **2.2** million, in an increase in Cairo Communication's share premium reserve of EUR **181.1** million and in the corresponding recognition of an equity investment representing 50% plus 1 (one) RCS Share, equal to EUR **183.3** million. In this regard it is noted that in drawing up the pro-forma figures, the Capital Increase corresponds to the recognition of the acquisition value of the equity investment in RCS, which is quantified in an amount equal to the **unit value of EUR 0.7024 attributed to each RCS Share tendered to the Offer** ~~issue price (amounting to EUR 4.39 per share)~~, it being understood that for the purposes of the Cairo Communication's financial statements, the transaction will be accounted for in accordance with IFRS 3 – Business Combinations;

- the consolidation of the RCS Group carried out according to the full consolidation method, assuming the entire amount of the assets and liabilities of the RCS Group at 31 December 2015, regardless of the equity investment stakes held, and eliminating the book value of consolidated equity investment against the related shareholders' equity at 31 December 2015. In drawing up this pro-forma financial information, at this time no valuation has been made regarding the fair value of the consolidated assets and liabilities of the RCS Group necessary for the application, in accordance with IFRS 3, of the so-called "acquisition method". Therefore, the difference between the fair value of the new Cairo Communication shares that will be issued to service the Capital Increase considered as representative of the acquisition cost of the equity investment in RCS (EUR **183.3** million) and the RCS Group's consolidated shareholders' equity at 31 December 2015 (EUR 100 million, of which EUR 50 million attributable to minority interests), amounting to EUR **133.3** million, was provisionally recognized under the "Intangible assets".
  It is noted that the completion of the valuation process required by the aforementioned IFRS 3, could have entailed a measurement of the RCS Group's assets and liabilities at the date of the business combination different with respect to the assumptions used in drawing up the Pro-Forma Consolidated Prospectuses with consequent economic and equity effects, among which the amortisation of any intangible assets with finite useful life, that could have been significant;

- of the assumption that - in line with the provisions of the Financial Condition - the repayment of the debt principal referred to in the loan agreement of 14 June 2013 (shown in the RCS Group's consolidated financial statements at 31 December 2015 as EUR 403.6 million) will be delayed at least until the approval of the RCS financial statements at 31 December 2017, net of the partial early repayment through use of the net amounts collected as consideration for the sale of RCS Libri S.p.A., which, not having full information, was assumed for the sole purpose of drawing up the Pro-Forma Consolidated Prospectuses as amounting to EUR 83.3 million (calculated based on the expected sale price indicated by the Directors in the RCS Group's consolidated financial statements at 31 December 2015 as EUR 127.5 million, net of the positive net financial position of the “assets held for sale” indicated in the RCS consolidated financial statements as EUR 44.2 million). As a result of this assumption, a net amount of € 320.3 million was reclassified from the item “current financial payables and liabilities” to the item “non-current financial payables and liabilities”.

The pro-forma net financial debt is shown in the following table:

Pro-forma net financial debt at 31 December 2015 (EUR/million)	Cairo Communication Group	RCS MediaGroup Group	Pro-forma Adjustments	Pro-forma Consolidated
Cash and other cash equivalents	125.8	9.8	-	135.6
Other short-term financial assets and financial receivables	-	3.6	-	3.6
Short term financial payables	(5.0)	(517.7)	320.3	(202.4)
Short-term Net financial position (Net financial debt) of continuing operations	120.8	(504.3)	320.3	(63.2)
Medium-long-term financial payables	(15.0)	(15.6)	(320.3)	(350.9)
Non-current financial liabilities for derivative instruments	-	(11.0)	-	(11.0)
Medium-long-term Net financial position (Net financial debt) of continuing operations	(15.0)	(26.6)	(320.3)	(361.9)
Net financial position (Net financial debt) of continuing operations	105.8	(530.9)	-	(425.1)
Net financial assets of assets held for sale	-	44.2	-	44.2
Total net financial position (Total net financial debt)	105.8	(486.7)	-	(380.9)

The pro-forma adjustments reflect the effect of the reclassification of part of the RCS Group’s financial debt from the item “short term financial payables” to “medium-long-term financial payables” as described above, for a net amount of EUR 320.3 million.

The Pro-Forma Consolidated Balance Sheet was drawn up assuming the case that the acceptances of the Offer are such as to allow Cairo Communication to obtain a percentage of the share capital of RCS of 50% plus 1 (one) RCS Share.

If 100% of the RCS shareholders were to accept the Offer, the effects that would be produced on the Pro-Forma Consolidated Balance Sheet at 31 December 2015 would be as follows:

- an increase in the consolidated net shareholders’ equity attributable to the Cairo Communication Group of EUR **183.3** million;
- a decrease in the item “capital and reserves attributable to minority interests” of EUR 50 million;
- an increase in the item “intangible assets” of EUR **133.3** million.

With reference to the Minimum Acceptance Level Condition, as described in the ~~previous~~ paragraph A.1.1.b, Warnings Section, of the Offer Document, the Offeror reserves the right to waive this condition should the number of RCS Shares tendered to the Offer during the Acceptance Period allow Cairo Communication to obtain an equity investment suitable to exercise de facto control over RCS, which Cairo Communication has identified as a percentage of at least 35% plus 1 (one) RCS Share of the RCS capital.

In particular, should the acceptances of the Offer be such as to allow Cairo Communication to obtain a percentage of 35% plus 1 (one) RCS Share of the RCS share capital, the effects that would be produced on the Pro-Forma Consolidated Balance Sheet at 31 December 2015 would be as follows:

- a decrease in the consolidated net shareholders' equity attributable to the Cairo Communication Group of EUR **55.0** million;
- an increase in the item "capital and reserves attributable to minority interests" of EUR 15 million;
- a decrease in the item "Intangible assets" of EUR **40.0** million.

2.5.2.2 Pro-Forma Consolidated Income Statement

The Pro-Forma Consolidated Income Statement reflects the consolidation of the RCS Group with effect from 1 January 2015 carried out according to the full consolidation method, assuming the entire amount of the RCS Group's costs and revenues for the 2015 financial year, regardless of the equity investment stakes held.

The Pro-Forma Consolidated Income Statement was drawn up assuming that the acceptances of the Offer will be such as to allow Cairo Communication to obtain a percentage of 50% plus 1 (one) RCS Share of the share capital of RCS. If 100% of the RCS shareholders were to accept the Offer, the effects that would be produced on the Pro-Forma Consolidated Income Statement at 31 December 2015 would be as follows:

- an increase in the loss attributable to the Cairo Communication Group of EUR 87.1 million;
- a decrease in the loss attributable to minority interests of EUR 87.1 million.

With reference to the Minimum Acceptance Level Condition, as described in the ~~previous~~ paragraph A.1.1.b, Warnings Section, of the Offer Document, the Offeror reserves the right to waive this condition should the number of RCS Shares tendered to the Offer during the Acceptance Period allow Cairo Communication to obtain an equity investment suitable to exercise de facto control over RCS, which Cairo Communication has identified as a percentage of at least 35% plus 1 (one) RCS Share of the RCS capital.

In particular, should the acceptances of the Offer be such as to allow Cairo Communication to obtain a percentage of 35% plus 1 (one) RCS Share of the RCS share capital, the effects that would be produced on the Pro-Forma Consolidated Income Statement at 31 December 2015 would be as follows:

- a decrease in the loss attributable to the Cairo Communication Group of EUR 26.1 million;
- an increase in the loss attributable to minority interests of EUR 26.1 million.

2.5.2.3 Pro-Forma Consolidated Comprehensive Income Statement

The Pro-Forma Consolidated Comprehensive Income Statement was drawn up assuming that the acceptances of the Offer will be such as to allow Cairo Communication to obtain a percentage of 50% plus 1 (one) RCS Share of the share capital of RCS. If 100% of the RCS shareholders were to accept the Offer, the effects that would be produced on the Pro-Forma Consolidated Comprehensive Income Statement at 31 December 2015 would be as follows:

- an increase in the loss attributable to the Cairo Communication Group of EUR 83.2 million;
- a decrease in the loss attributable to minority interests of EUR 83.2 million.

With reference to the Minimum Acceptance Level Condition, as described in the previous paragraph A.1.1.b, Warnings Section, of the Offer Document, the Offeror reserves the right to waive this condition should the number of RCS Shares tendered to the Offer during the Acceptance Period allow Cairo Communication to obtain an equity investment suitable to exercise de facto control over RCS, which Cairo Communication has identified as a percentage of at least 35% plus 1 (one) RCS Share of the RCS capital.

In particular, should the acceptances of the Offer be such as to allow Cairo Communication to obtain a percentage of 35% plus 1 (one) RCS Share of the RCS share capital, the effects that would be produced on the Pro-Forma Consolidated Comprehensive Income Statement at 31 December 2015 would be as follows:

- a decrease in the loss attributable to the Cairo Communication Group of EUR 24.9 million;
- an increase in the loss attributable to minority interests of EUR 24.9 million.

2.5.2.4 Pro-Forma Consolidated Cash Flow Statement

The Pro-Forma Consolidated Cash Flow Statement reflects the consolidation of the RCS Group with effect from 1 January 2015 carried out according to the full consolidation method, assuming the entire amount of the RCS Group's costs and revenues for the 2015 financial year, regardless of the equity investment stakes held.

No pro-forma adjustments have been identified to represent the significant effects of the Offer on the Cairo Communication Group's consolidated cash flow statement for the financial year closed on 31 December 2015 due to the fact that the Capital Increase arising from the Offer is matched by the acquisition of the equity investment in RCS without causing any cash flow.

2.5.3 Pro-forma effects arising from the assumptions of waiver of the Financial Condition

As indicated in paragraph A.1.1.b, Warnings Section, of the Offer Document, the Offeror reserves the right to waive the Financial Condition upon occurrence of the following alternative circumstances:

1) the Lending Banks of RCS have undertaken in respect of Cairo Communication the commitment to grant (or have confirmed to Cairo Communication that they have submitted with favourable opinion to their governing bodies the granting of) a moratorium of the principal debt arising from the loan agreement of 14 June 2013 (net of the net amounts collected as consideration for the sale of RCS Libri S.p.A. and possibly not yet used to repay such debt) for at least twelve months from the Offer finalisation date, without the application, during that period, of any additional charges with respect to the currently applicable financing costs; or

2) the Lending Banks of RCS have resolved to approve the term sheet for the restructuring of the debt arising from the loan agreement of 14 June 2013, under terms and conditions that are individually not pejorative with respect to the corresponding individual terms and conditions communicated by RCS to the market on 18 May 2016 (the "Terms and Conditions of the RCS Refinancing"), and:

(A) the same Lending Banks have communicated to Cairo Communication that they waive (or have confirmed to Cairo Communication that they have submitted with favourable opinion to their governing bodies to waive) the right to demand the early repayment of the debt arising from the loan agreement of 14 June 2013 by virtue of the change of control over RCS that can be realised following the finalisation of the Offer; or

(B) should one or more of the said Lending Banks have expressed their unwillingness to waive the exercise of the right to demand the early repayment referred to in letter (A) above, the other lenders have undertaken in respect of Cairo Communication a commitment to refinance (or have confirmed to Cairo Communication that they have submitted with favourable opinion to their governing bodies the refinancing of) the portion of the debt principal arising from the loan agreement of 14 June 2013 relating to the institutions that have expressed their unwillingness to waive the exercise of the right to demand the early repayment referred to in letter (A) above, under terms and conditions that are individually not pejorative with respect to the corresponding individual Terms and Conditions of the RCS Refinancing;

or

3) the Lending Banks of RCS, or the other lenders, have undertaken in respect of Cairo Communication a commitment to refinance (or have confirmed to Cairo Communication that they have submitted with favourable opinion to their governing bodies the refinancing of) the debt of RCS arising from the loan agreement of 14 June 2013, it being understood that, for at least twelve months from the Offer finalisation date, each individual term and condition of such refinancing may not be pejorative with respect to the corresponding individual Terms and Conditions of the RCS Refinancing.

2.5.3.1. Pro-forma effects arising from the circumstance of waiver referred to in point (1) of the preceding paragraph

The circumstance described in point (1) of the preceding paragraph sets out that the repayment of the debt principal referred to in the Loan Agreement of 14 June 2013 (net of the net amounts collected as consideration for the sale of RCS Libri S.p.A. and possibly not yet used to repay such debt) must occur no earlier than twelve months from the Offer finalisation date, without the application, during that period, of any additional charges with respect to the currently applicable financing costs. Therefore, any waiver of the Financial Condition upon the occurrence of such circumstance would not produce any change with respect to the Pro-Forma Consolidated Prospectuses reported in Paragraphs 2.1, 2.2, 2.3 and 2.4 of this Paragraph B.1.15, Section B, of the Offer Document, and in particular on the current and non-current composition of the pro-forma net debt.

It is noted that the effects on the financing costs arising from the occurrence of the circumstance of waiver of the Financial Condition referred to in point (1) were not considered, since the burden for financing costs would be unchanged with respect to the case of fulfilment of the Financial Condition.

2.5.3.2. Pro-forma effects arising from the circumstance of waiver referred to in point (2) of the preceding paragraph

The circumstance described in point (2) of the preceding paragraph sets out that the repayment of the debt principal referred to in the loan agreement of 14 June 2013 (net of an amount not exceeding EUR 71.6 million, relating to a part of the amounts collected by RCS as a result of the sale of RCS Libri) must occur no earlier than twelve months from 31 December 2015. Therefore, any waiver of the Financial Condition upon the occurrence of such circumstance would determine, in the Pro-Forma Consolidated Balance Sheet at 31 December 2015, a decrease in the item "current financial payables and liabilities" for a minimum amount of EUR 11.7 million (calculated as the difference between EUR 83.3 million and EUR 71.6 million) and a corresponding increase in the item "non-current financial payables and liabilities".

The effects on the financing costs arising from the occurrence of the circumstance of waiver of the Financial Condition referred to in point (2) were not considered, since that circumstance provides for individual terms and conditions that are not pejorative with respect to the corresponding individual Terms and Conditions of the RCS Refinancing. It is noted that in the press release issued by RCS on 11 May 2016, these terms and conditions have been described as an improvement over the currently applicable terms and conditions of the loan agreement of 14 June 2013. On the basis of the data and information available to date, the assumptions made in the construction of the pro-forma figures constitute the most reasonable estimate for the determination of the financing costs. For periods subsequent to the first twelve months from the Offer finalisation date, the actual terms and conditions will be negotiated taking into account both the Post-Offer Cairo Communication Group's equity and economic positions, as well as the market conditions existing at the time of the renegotiation.

2.5.3.3. Pro-forma effects arising from the circumstance of waiver referred to in point (3) of the preceding paragraph

The circumstance described in point (3) of the preceding paragraph sets out that the Lending Banks of RCS, or the other lenders, have undertaken in respect of Cairo Communication a commitment to refinance (or have confirmed to Cairo Communication that they have submitted with favourable opinion to their governing bodies the refinancing of) the debt of RCS arising from the loan agreement of 14 June 2013, it being understood that, for at least twelve months from the Offer finalisation date, each individual term and condition of such refinancing may not be pejorative with respect to the corresponding individual Terms and Conditions of the RCS Refinancing. Therefore, any waiver of the Financial Condition upon the occurrence of such circumstance, as represented within the context of the circumstance above, would determine, in the Pro-Forma Consolidated Balance Sheet at 31 December 2015, a decrease in the item "current financial payables and liabilities" for a minimum amount of EUR 11.7 million (calculated as the difference between EUR 83.3 million and EUR 71.6 million) and a corresponding increase in the item "non-current financial payables and liabilities".

The effects on the financing costs arising from the occurrence of the circumstance of waiver of the Financial Condition referred to in point (3) were not considered, since that circumstance sets out that, for at least twelve months from the finalisation date of Offer, each individual term and condition may not be pejorative with respect to the corresponding individual Terms and Conditions of the RCS Refinancing. It is noted that in the press release issued by RCS on 11 May 2016, these terms and conditions have been described as an improvement over the currently applicable terms and conditions of the loan agreement of 14 June 2013. On the basis of the data and information available to date, the assumptions made in the construction of the pro-forma figures constitute the most reasonable estimate for the determination of the financing costs. For periods subsequent to the first twelve months from the Offer finalisation date, the actual terms and conditions will be negotiated taking into account both the Post-Offer Cairo Communication Group's equity and economic positions, as well as the market conditions existing at the time of the renegotiation.

4. On page 180 of the Offer Document, in Paragraph B.1.16, "Dividend Policy", the following last paragraph is added.

Please note that on 17 June 2016, the Board of Directors of Cairo Communication has resolved, should the Offer not prevail over the competing offer, that the Board will propose the distribution of an extraordinary dividend totalling EUR 20 million (EUR 0.256 per share) to the Shareholders' Meeting called for this purpose.

The proposed distribution of the aforementioned extraordinary dividend will not be subject to the approval of the Shareholders' Meeting should the Offer be finalised.

Should the Offer not be finalised, the Board of Directors of Cairo Communication believes that the proposed distribution of the aforementioned extraordinary dividend is consistent with the positive balance of the net financial position held and with the fact that the financial sustainability of the Cairo Communication Plan is ensured by the net cash flows expected to be generated by the achievement of the planned objectives.

5. On page 204 of the Offer Document, Paragraph B.1.24, "Forecasts and estimates of profits", is entirely replaced by the following paragraph.

Premise

On 17 June 2016, the Board of Directors of Cairo Communication approved:

- the Cairo Communication Group's "2017 - 2018 Business Plan" (the "Cairo Communication Plan"); and
- the Post-Offer Cairo Communication Group's "2017 - 2018 Integration Project" (the "Integration Project").

The Cairo Communication Plan and the Integration Project were drawn up by the Cairo Communication Group's management starting with the final figures of the Cairo Communication Group and of the RCS Group as at 31 December 2015 and with the support of the strategic advisor Bain & Company Italy Inc..

The Cairo Communication Plan defines the strategic guidelines for the development of the Cairo Communication Group's activities, on a stand-alone basis, for the 2017 - 2018 period. This plan is the result of a prospective simulation process of the industrial, economic, equity and financial indicators related to the Cairo Communication Group.

The Integration Project, instead, outlines the Post-Offer Cairo Communication Group's strategic guidelines for the 2017 - 2018 period, assuming the finalisation of the Offer, with the consequent acquisition of control over RCS and the inclusion of the RCS Group in the Cairo Communication Group's scope of consolidation.

The Offeror's programmes are designed to achieve, within a period of 12 - 24 months after the finalisation of the Offer, the merger by incorporation of RCS into Cairo Communication, upon occurrence of the circumstances described in the Offer Document (as amended by this Supplement). The Integration Project considers the key synergetic effects of the assumed merger, predictable today on the basis of the information available to the Cairo Communication Group. In view of the fact that the proposed merger of RCS and Cairo Communication can be realised in a timeframe ranging between 12 and 24 months, the Integration Project has not taken into account, in the reference period (2017-2018), the possible savings deriving from the simplification of the Post-Offer Cairo Communication Group's corporate structure.

The Integration Project was drawn up considering: (i) the Cairo Communication Plan; (ii) a prospective simulation of the industrial, economic, equity and financial indicators related to the RCS Group, carried out starting from the final data for the 2015 financial year and based on the actions that the Post-Offer Cairo Communication Group intends to adopt for containing costs and for implementing the growth potential in revenues of the RCS Group, as well as on the synergies deriving from the integration of the two groups.

In drawing up the Integration Project, Cairo Communication was able to rely solely on the publicly available final and forecast figures and information relating to the RCS Group and did not carry out any due diligence in relation to RCS. Therefore, Cairo Communication has drawn up the Integration Project based on its own experience and knowledge of the publishing industry, without being able to carry out any independent audits with the RCS Group's management and without having access to any accounting or business information other than that publicly available.

* * *

The prospective figures relating to the 2017-2018 period covered by the Cairo Communication Plan and the Integration Project were drawn up with reference to the IAS/IFRS accounting standards used by the Cairo Communication Group in preparing the consolidated financial statements at 31 December 2015.

The forecast figures on the activities and expected target results of the Cairo Communication Group and the Post-Offer Cairo Communication Group indicated in paragraph B.1.24(d) (the "Forecast Figures") data are based on assumptions regarding future events, subject to uncertainties such as, for example, those that characterise the expected macroeconomic scenario and the performance of financial markets.

Furthermore, the Forecast Figures are based on a set of assumptions regarding the realisation of future events and of actions to be undertaken by the directors.

The forecasts expressed in the Cairo Communication Plan and the Integration Project also include hypothetical assumptions relating to future events and actions of the directors and the management that must not necessarily occur and to events and actions that the directors and the management cannot, or can only partly, influence.

B.1.24.a. Illustration of the main assumptions of the Forecast Figures

<u>Baseline scenario</u>

Cairo Communication and RCS operate both in the media industry and, therefore, their activity is influenced by the baseline scenario of this industry.

With reference to the television segment, television is one of the most popular and most used communication media in Italy, a country featuring a much greater diffusion of the DTT (Digital Terrestrial Television, both free-to-air and pay-TV) platform compared to other European countries.

As indicated under paragraph B.1.7.b.2 of the Offer Document, the major TV operators are Rai – Radiotelevisione italiana S.p.A. (with an all-day share of 37.4% and a prime time([1]) share of 37.8% in 2015), the Mediaset Group (with an all-day share of 32.2% and a prime time([2]) share of 34,3% in 2015), Sky Italia (an all-day share of 5.2% and a prime time([3]) share of 5.9% in 2015), the Cairo Communication Group (with an all-day share of 3.6% and a prime time([4]) share of 4.3% in 2015) and Discovery Italia (with an overall all-day share of 6.3% and a prime time([5])share of 4.9% in 2015).

The transition to digital broadcasting has made a greater number of channels available to Italian viewers and, in this context, Italians have changed the television utilisation habits, moving away from general-interest televisions (their share fell from 84.1% in 2008 to 59.3% in 2015 ([6])) towards theme televisions (their share rose from 15.9% in 2008 to 40.7% in 2015 ([7])).

The Italian daily newspaper market is characterised by the presence of three national newspapers

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([1]) Source: Auditel. The prime time figures refer to the time slot between 8:30 pm and 11:30 pm.

([2]) Source: Auditel. The prime time figures refer to the time slot between 8:30 pm and 11:30 pm.

([3]) Source: Auditel. The prime time figures refer to the time slot between 8:30 pm and 11:30 pm.

([4]) Source: Auditel. The prime time figures refer to the time slot between 8:30 pm and 11:30 pm.

([5]) Source: Auditel. The prime time figures refer to the time slot between 8:30 pm and 11:30 pm.

([6]) Source: Auditel. All-day figures.

([7]) Source: Auditel. All-day figures.

(Corriere della Sera, La Repubblica and Il Sole 24 Ore) that represent approximately 25% of the total circulation, and by a significant number of local newspapers (including newspapers such as La Stampa , Messaggero, Resto del Carlino, La Nazione, Giornale, Avvenire, etc.) that account for approximately 63% of the total circulation of dailies. Sports newspapers have a circulation share of approximately 12% with prevalence of a national newspaper (Gazzetta dello Sport)([8]).

The RCS Group publishes the newspaper Corriere della Sera (with a share of approximately 42% of the circulation of national newspapers) and the newspaper Gazzetta dello Sport (with strong leadership in the sports market)([9]). The RCS Group is also active in the segment of magazines, which are partly distributed in conjunction with the group's dailies.

The RCS Group has pursued over the years a program of expansion abroad, through the acquisition of a Spanish publishing group, which today publishes the second national newspaper (El Mundo), the first sports newspaper (Marca) and the first financial newspaper (Expansion).

The Italian market has witnessed a steady decline in the circulation of dailies over the years; in 2010, the total average copies per day amounted to 4.7 million. In 2015, this figure amounted to 3.0 million with a CAGR of -8.6%([10]). The contraction was evident in all press segments (national, local and sports), although the local press has proven to be more resilient than the national press in recent years.

The Spanish market, in turn, has had similar trends to those of the Italian market in recent years. The circulation decline in dailies, in fact, amounted to a CAGR of -10% per year going from 2.5 million average copies per day in 2010 to approximately 1.5 million in 2015([11]).

The magazine market in Italy also presents a significant slump: since 2010, the circulation of weeklies has declined, with a CAGR of -8% per year, dropping from approximately 11.1 million to approximately 7.2 million copies in 2015, while monthlies fell from 12.6 million to approximately 5.4 million copies in 2015 with a CAGR of -16% per year([12]).

Cairo Editore is the leading operator in the weekly magazines segment in Italy with a 28.6% market share in 2015. Mondadori is the second largest operator with a 26.7% market share in 2015. RCS is the third segment operator with a 10.0% market share in 2015.

The advertising market, a major source of revenue for publishers, has shown strong signs of crisis in recent years, becoming stable in 2013. Total advertising sales in Italy amounted to approximately EUR 6.4 billion in 2013 and declined to approximately EUR 6.3 billion in 2015; in such a scenario, there has been a sharp decrease in sales of the traditional media with a rising share of the digital channels. Advertising sales on television grew from approximately EUR 3.5 billion in 2013([13]) to approximately EUR 3.7 billion in 2015([14]). Advertising revenues of dailies decreased from approximately EUR 0.9 billion in 2013([15]) to approximately EUR 0.76 billion in 2015([16]). Advertising sales of magazines

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([8]) Data source ADS 2015. Throughout the chapter, "circulation" is to be understood as the total of copies from newsstand sales, other sales, paid subscriptions, bulk sales, subscription membership fees, free subscriptions, free copies, free coupons, sales abroad. The figures do not include the Monday editions of sports newspapers.

([9]) Data source ADS 2015.

([10]) Data source ADS.

([11]) Data source OJD. The circulation figures of the Spanish market exclude "hyperlocal" newspapers.

([12]) Data source ADS. Total average circulation.

([13]) Data source Nielsen.

([14]) Data source Nielsen.

([15]) Data source Nielsen.

decreased from approximately EUR 530 million in 2013 to approximately 475 million in 2015([17]).

Sales were gradually conveyed to the digital channel: in particular by going through new digital operators (e.g. Google and Facebook) or through actors with vertical platforms or classified ads.

In Spain, total advertising sales dropped from approximately EUR 5.5 billion in 2011 to slightly over EUR 4.8 billion in 2015. Also in this case, sales on digital channels increased from approximately EUR 900 million in 2011 to slightly over EUR 1 billion in 2015, while sales from all other media decreased, particularly as regards dailies and magazines.

Main assumptions regarding the macro-economic framework and the performance of the reference markets outside management's control

The Cairo Communication Plan and the Integration Project were drawn up taking into account the likely performance of certain macroeconomic variables representative of the trend in the economic scenario during the period covered by these plans. In particular, the main macroeconomic variables that Cairo Communication believes will have the greatest impact on the Forecast Figures are represented by the trend of GDP and of consumer spending in Italy and Spain reported below.

	2016	2017	2018
GDP Italy (*)	0.95%	1.11%	1.04
GDP Spain (*)	2.64%	2.26%	1.97%
Consumer spending Italy (**) (EUR/million)	1,013	1,039	1,068
Consumer spending Spain (**)(EUR/million)	636	658	679

(*) Source: International Monetary Fund, World Economic Outlook Database (ed. April 2016)
(**)Source: Euromonitor

In drawing up the Cairo Communication Plan and the Integration Project, the Cairo Communication Group also considered the likely trend of the Italian and Spanish advertising market, based on internal analyses and publicly available research developed by external bodies.

As regards the Italian advertising market, in drawing up the Cairo Communication Plan and the Integration Project, the following has been estimated for the reference period of the plan: (i) a moderate growth for the television segment (approximately 1% CAGR), compared to growth estimates ranging from 1%([18]) to 4%([19]); (ii) a significant growth in the digital segment (approximately 8% CAGR); and (iii) a reduction in the dailies and magazines segment (approximately -4.5% CAGR). As regards paper circulation of dailies and magazines, it is estimated that the scenario of decrease in volumes recorded over the last two years will continue.

As regards the Spanish advertising market, in drawing up the Integration Project, a higher growth than that of the Italian market has been estimated for the relevant period, amounting to approximately 6%

([16]) Data source Nielsen.

([17]) Data source Nielsen.

([18]) Data source ZenithOptimedia June 2015.

([19]) Data source PwC Global Entertainment and Media Outlook 2015-2019.

CAGR[20]. Unlike Italy, the Spanish market of advertising sales on dailies and magazines is expected to grow slightly, amounting respectively to 1% and 2% CAGR[21]. Regarding the digital segment, it is expected to grow by 12% CAGR[22] in the period of the plan. As regards paper circulation of dailies and magazines, it is estimated that the scenario of decrease in volumes recorded over the last two years will continue.

<u>Cairo Communication Plan guidelines</u>

The Cairo Communication Plan sets forth that the activities of the Cairo Communication Group will follow the main guidelines described below during the 2017 - 2018 financial years.

In drawing up the Cairo Communication Plan, it was considered that the Cairo Communication Group's revenues and EBITDA expected for 2016, as also confirmed by the economic performance at 31 March 2016, will not less than the final figures reported for the 2015 financial year.

The assumptions underlying the Cairo Communication Plan indicated below are to be considered general (not hypothetical) and under the management's control.

Magazine publishing segment

In the magazine publishing segment, to preserve and further strengthen the growth of its revenues, the Cairo Communication Group will continue its strategy mainly focused on the following elements:

(i) paramount importance of product quality;
(ii) support for the circulation levels of its publications, also by investing in print runs, communication and enrichment of editorial contents;
(iii) attention to costs in general and production costs in particular, with a view to ongoing improvement of the industrial, printing and procurement terms and processes;
(iv) continuous expansion and enrichment of the product portfolio in order to capture market segments with higher potential.

Since early 2016, Cairo Editore has launched two publications: in January "*Nuovo e Nuovo TV Cucina*" sold optionally with the two weeklies "*Nuovo*" e "*Nuovo TV*", and on 20 April 2016 "*Enigmistica Più*", a weekly of games and pastimes which marks the publishing house's entrance into the interesting segment of puzzles and brainteasers.

The Cairo Communication Plan envisages in particular the consolidation of the results of the publications launched in 2016 and the launch of a new initiative during 2017.

Television publishing and network operator segment

In the television industry segment, the Cairo Communication Group will pursue the consolidation of the results of actions undertaken in 2013-2015 to streamline and reduce the costs of the television operator (La7), preserving and further enriching the high quality of the programming.

The Cairo Communication Plan provides for revenue development initiatives focusing on the following elements:

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(20) Data source ZenithOptimedia June 2015 for 2016 e 2017; for 2018, Company estimates.

(21) Data source ZenithOptimedia June 2015 for 2016 e 2017; for 2018, Company estimates.

(22) Data source ZenithOptimedia June 2015 for 2016 e 2017; for 2018, Company estimates.

- creating new programmes,
- maximising the audience potential of the La7*d* channel,
- launching two new channels, the first in the second half of 2017 and the second in early 2018, and
- strengthening its presence in the digital media.

The Cairo Communication Plan also includes the growth of the digital publishing offer of La7, by developing mobile applications and enriching the existing web offer. In March 2016, the La7 web sites reached 2.5 million individual browsers, with an offer that includes the live streaming of the television programming, an extensive library of on-demand contents with full-length performances, the news shows and the best moments of the programmes and of all the stars of La7.

In relation to the new channels, the Cairo Communication Group will be able to benefit from the opportunity presented by the availability of bandwidth following the implementation of the *Mux* of Cairo Network. The Cairo Communication Group, in fact, will shortly have an independent transmission capacity of approximately 22.4 Mbit/s - compared to the current 7.2 Mbit/s provided to the Cairo Communication Group by outside operators - to be used to transmit, as of 2017, the La7 and La7*d* channels and new channels that the Cairo Communication Group intends to launch, as well as to provide the available remaining transmission capacity to third parties.

La7 incurs costs of approximately EUR 13 million per year for the use of the current 7.2 Mbit/s provided by third-party operators. The contract entered into with EI Towers S.p.A. for the full service management of the *Mux* stipulates a cost of EUR 7 million for such services for 2017 (the year in which it is expected that the LA7 channels will begin to be broadcast on the *Mux*). For 2018 and subsequent years, the contract calls for a net charge (taking into account also any possible costs bearing on EI Towers S.p.A. should the available bandwidth on the Mux not be fully exploited by Cairo Network) of approximately EUR 12.3 million in consideration of exploiting only the transmission capacity needed for current television channels and two new channels envisaged in the Cairo Communication Plan. The Cairo Communication Plan has not considered the opportunity of valorising the additional availability of transmission capacity through the lease of the same to third parties.

Advertising segment

In the advertising segment the Cairo Communication Group will continue to engage in television advertising sales for the La7, La7d, Cartoon Network and Boomerang on the publications of the Cairo Communication Group and at the Olimpico Stadium in Turin for [the soccer team] Torino FC, with a view to maintaining and developing the high level of advertising revenue achieved, also in consideration of the quality of its publications and the possibility of enhancing the high quality target of LA7's audience.

In particular, with reference to the television advertising sales, a growth is expected to occur in the timeframe covered by the plan driven mainly by the increase in audience expected for the La7d channel, by the increase in the power ratio (i.e. the ratio between advertising market share and audience share) of La7 and La7*d*, by the launch of two new channels and by a 1% growth in the television advertising market.

As indicated in paragraph B.1.7.a.2, Section B, of the Offer Document, the advertising revenue potential for the La7 network has still ample room for growth, thanks to the specific nature of La7's audience: in 2015, the power ratio stood at 118 for Cairo Pubblicità and at 178 for Publitalia([23]).

([23]) Calculated by the Company based on Nielsen and Auditel figures.

Investments

The Cairo Communication Plan provides for investments during the plan of approximately EUR 22 million mainly related to the television publishing segment. Additional investment of approximately EUR 15 million are planned for television rights related to the launch of new channels in addition to EUR 7 million for the purchase of a primary LCN (logical channel number).

Integration Project Guidelines

The Offeror's programmes are designed to achieve, within a period of 12 - 24 months after the finalisation of the Offer, the merger by incorporation of RCS into Cairo Communication, upon occurrence of the circumstances described in the Offer Document (as amended by this Supplement).

The Integration Project considers the key synergetic effects of the assumed merger, predictable today on the basis of the information available to the Cairo Communication Group. In view of the fact that the proposed merger of RCS and Cairo Communication can be realised in a timeframe ranging between 12 and 24 months, the Integration Project has not taken into account, in the reference period (2017-2018), the possible savings deriving from the simplification of the Post-Offer Cairo Communication Group's corporate structure.

Following a possible finalisation of the Offer, the Post-Offer Cairo Communication Group will focus, in the short term, on implementing organisational solutions aimed at pursuing the synergies described below, which are not expected to require any significant restructuring and/or reorganisation of Cairo Communication's activities subsequent to a finalisation of the Offer.

As indicated in the premise, the Integration Project was drawn up considering: (i) the Cairo Communication Plan; (ii) a prospective simulation of the industrial, economic, equity and financial indicators related to the RCS Group, carried out starting from the final figures for the 2015 financial year and based on the actions that the Post-Offer Cairo Communication Group intends to adopt for containing costs and for implementing the growth potential in revenues of the RCS Group, as well as on the synergies deriving from the integration of the two groups. To draw up the Integration Project, in the prospective simulation of the economic, equity and financial indicators of the RCS Group in 2016, in order to determine the opening values on 1 January 2017, reference was made to publicly available information provided by the RCS directors, who confirmed, most recently in the interim management report at 31 March 2016, that the targets set for the first year of the 2016-2018 Plan.

The Integration Project was drawn up by Cairo Communication based on assumptions identified also with the assistance of the strategic advisor and supported by the experience gained in the publishing segment, although without being able to perform independent audits with the RCS Group's management, to which Cairo Communication had no access, and being able to rely solely on the publicly available final and forecast figures related to the RCS Group.

For this reason, the assumptions underlying the economic and financial simulations included in the Integration Project are to be considered hypothetical and, therefore, characterised by a high degree of uncertainty, because, although they include the actions that the Post-Offer Cairo Communication Group intends to adopt to contain costs and to achieve the revenue growth potential of the RCS Group, as well as to attain the synergies deriving from the integration, such assumptions were formulated on the basis of available information.

Strategic rationales of the Integration Project

The Offeror has identified two strategic guidelines underlying the project for relaunching the RCS Group:

- achieving maximum efficiency;

- realising the full potential for revenue growth, in a market context with decreasing traditional publishing revenues.

Achieving maximum efficiency

Achieving competitive performance requires improved operational efficiency through structural policy initiatives aimed at:

- streamlining the industrial cost structure of the RCS Group;
- realising the synergies that can be activated through the collaboration with Cairo Communication.

As regards the first point, Cairo Communication intends to streamline the RCS Group's operating costs through an item-by-item analysis of the same, based on a cost-benefit ratio logic, pursuing a so-called "zero-based" approach (i.e. by reformulating the cost structure based on standard industrial costs). In defining the objectives for streamlining the operating costs, Cairo Communication also took account of industry benchmarks. The streamlining of operating costs will focus on:

- optimising the structure of external costs, including by assessing whether to re-insource activities that are currently outsourced;
- improving the saturation of the print centres used (also in synergy with other operators);
- continuing the integration of the newsrooms dedicated to print and digital;
- reviewing the industrial and procurement processes.

Moreover, the business plan will be able to benefit from operating synergies deriving from the integration process such as:

- the creation of a model of services shared by the RCS Group and Cairo Communication for reducing structural costs;
- the integration of the distribution activities;
- the realisation of economies of scale for the purchase of goods and services;
- the optimisation of the activities of the advertising concessionaires, also by streamlining costs locally;
- the possible concentration of the production of the Cairo Communication Group and RCS Group magazines in common print centres.

The actions for achieving maximum efficiency indicated above are to be considered as under the management's control.

Realising the full potential for revenue growth

Cairo Communication's objective is to preserve and improve on the leading position that the RCS Group has built over the years, with the aim of increasing RCS' market share in the segments in which it operates, also to contrast the downward market trend in traditional publishing revenues.

From the industrial point of view, Cairo Communication intends to pursue these objectives through the following actions, which are to be considered as under the management's control:

- enriching the editorial content of the dailies and the related websites in Italy and Spain by exploiting the journalistic excellence available to the RCS Group, thus contributing significantly to increasing traffic performance on digital media;

- expanding the RCS Group's digital offer by assessing both the opportunity of creating an access and distribution model for Cairo Communication's video contents on the RCS digital platforms, and the opportunity of creating new specific contents and formats;

- strengthening the RCS Group's technological platforms, including by attracting talented collaborators and with targeted acquisitions of start-ups possessing specific know-how useful in realising its objectives;

- increasing advertising revenues, also through synergies between the RCS Group concessionaires and the Cairo Communication Group concessionaires, on implementing multimedia projects and on exploiting the respective market strengths (e.g. by sharing exclusive customers or customers with which long-term relationships have been established to promote a cross-media offer);

- enhancing the RCS Group's leading position in the world of sports in Italy and Spain by creating an integrated pan-European sports content platform that can represent a global benchmark for specific vertical sports programmes (e.g. cycling, football);

- relaunching magazines in Italy and Spain by refocusing the publishing content of a number of magazines towards a segment of high-profile readers, aiming to increase advertising sales thanks to a clearer and more attractive positioning in respect of advertisers, and by developing the potential of the RCS Group's high-reputation publications, such as "*Oggi*";

- expanding the print and online publications by developing new vertical platforms with specialised content (e.g. in areas such as motor vehicles, real estate, health, work, books, food and cookery, furnishings and design, and travel);

- assessing whether it is possible to replicate in Spain the magazine development model implemented by Cairo Editore by exploiting the presence of Unidad Editorial, an RCS Group subsidiary, on the Spanish market;

- completing the RCS Group's offer by improving and developing the vertical programming of sports events, aiming to make it a growing source of revenues and margins, taking as reference the key industry benchmarks in Europe (e.g. *Tour de France*). To this end, Cairo Communication, in addition to pursuing the development of advertising sales for the Italian *Giro d'Italia*, intends to maximise the exploitation of TV rights in Italy and abroad.

The objectives for realising the full potential of revenue growth will be pursued through further actions outside the control of the management of Cairo Communication and of RCS, specifically:

- by increasing the monetisation capabilities of the digital media traffic through more effective users profiling, aimed at meeting their needs in terms of content personalisation and at increasing advertising revenue through the sale of targeted advertising spaces in line with user characteristics;

- by creating synergies useful for increasing the circulation, the audience share and the advertising sales thanks to the good degree of overlap of the economic profiles of the Corriere della Sera readers and the LA7 audience;

- by assessing potential opportunities in areas such as local news, or niche segments of traditional business (e.g. institutional and financial advertising).

For more information, please refer to Paragraph G.2, Section G, of the Offer Document.

Investments relating to the Integration Project

The Cairo Communication Group plans the following in the 2017-2018 biennium: (i) for RCS, investments in line with the industrial needs of the plants and limited investments for the acquisition of skills focused in the digital environment, totalling no more than the RCS Group's historical values over the last two/three years and estimated at approximately EUR 50/60 million for the biennium; and (ii) for the conduct of the Cairo Communication Group's activities, investments amounting to approximately EUR 44 million for the biennium (as previously identified). Therefore, the Post-Offer Cairo Communication Group's overall investments are estimated at approximately EUR 94-104 million for the biennium 2017-2018 in question.

The Cairo Communication Group does not foresee the need to make any additional investments related to the realisation of the Integration Project above those mentioned above, provided the RCS Group's results are in line with the objectives of the plan for the RCS Group, which will be drawn up after the finalisation of the Offer, and no further events or circumstances occur that can adversely affect the RCS Group's economic, equity or financial position.

B.1.24.c. Financial sustainability of the Cairo Communication Plan and of the Integration Project

The financial sustainability of the Cairo Plan Communication is ensured by the net cash flows expected to be generated by the achievement of the objectives. In particular, it is estimated that the cash flow generated from EBITDA will amount to a total of approximately EUR 79 million in the 2017-2018 biennium and that it will be sufficient to cover the planned investments, amounting to approximately EUR 44 million, the expected working capital dynamics, including taxes, and the repayment plans of the loans including interest.

The Integration Project assumes that the Offer will be finalised. For the purposes of determining the financial sustainability of the Integration Project, we referred, as the figure of departure, to the Post-Offer Cairo Communication Group's initial net indebtedness determined based on the Pro-Forma Financial Information at 31 December 2015.

The prospective simulation of the economic and financial indicators of the Integration Project for the 2017-2018 period was carried out by assuming the occurrence of the events and actions foreseen in the previous paragraph "Integration Project Guidelines". It is estimated that the cash flow generated from EBITDA will amount to a total of approximately EUR 387 million in the 2017-2018 biennium and that it will be sufficient to cover the planned investments, amounting to approximately EUR 94-104 million in the biennium, the expected working capital dynamics, including taxes, and the repayment plans of the loans including interest, which, for the purposes of the simulation, with reference to RCS, reflect the Terms and Conditions of the RCS Refinancing. In the 2017-2018 biennium, the Post-Offer Cairo Communication Group's net cash flows are expected to be positive.

Therefore, the Integration Project does not foresee the need to resort to the exercise of the authorisation to increase the capital of Cairo Communication proposed to the shareholders' meeting called for 18 July 2016.

B.1.24.d. Forecast figures

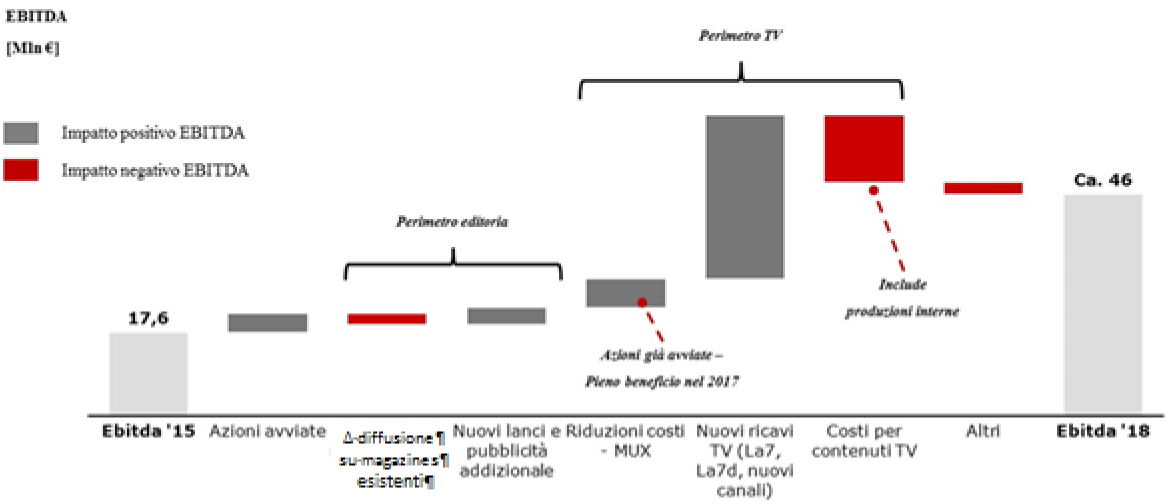
<u>Cairo Communication Plan</u>

The Cairo Communication Plan, drawn up based on the assumptions briefly described in the paragraphs above, reports the following Forecast Figures compared with the corresponding actual final figures for the financial year closed on 31 December 2015:

(EUR/million)	2015	2017	2018
Revenues	236	263	289
EBITDA	17.6	33	46

For the purposes of the Forecast Figures relating to the Cairo Communication Plan, EBITDA is defined according to the practice of the Cairo Communication Group as the operating result before amortisation, depreciation of fixed assets, impairment of bad debt and provisions for risks. For more information, please refer to paragraph B.1.15 of the Offer Document.

The EBITDA trend of the Cairo Communication Group from 2015 to 2018 is illustrated in the following graph.



Integration Project

The Integration Project, drawn up based on the assumptions briefly described in the paragraphs above, reports the following Forecast Figures compared with the corresponding pro-forma final figures for the financial year closed on 31 December 2015:

(EUR/million)	2015	2017	2018
Revenues	1,258.8	1,273	1,340
EBITDA	30.4	172	215

For the purposes of the Forecast Figures relating to the Integration Project, EBITDA are defined as the operating result before the results of equity investments and the amortisation and depreciation of property, plant and equipment and intangible assets. For more information, please refer to paragraph B.1.15 of the Offer Document.

In the Integration Project, the EBITDA expected for the activities of RCS amounts to approximately EUR 170 million in 2018 (with revenues of approximately EUR 1,052 million) and the trend of this result compared to 2015 is mainly due to the cost efficiency actions and includes the revenue development actions the described in Paragraph B.1.24(a), sub-paragraph "*Integration Project Guidelines*", of this Supplement.

As regards the Cairo Communication Group on a stand-alone basis, the trend of the results is analysed in the graph above.

* * *

The achievement of the Cairo Communication Group's objectives is set in relation to its future programmes, including the achievement of the aforementioned synergies and cost savings, presents many aspects that can lead to critical operational and management issues, including: managing a significantly larger group, coordinating geographically separate organisations and coordinating separate corporate structures. The achievement of these objectives and the generation of the expected synergies and cost savings are based on a set of assumptions regarding the occurrence of future events and circumstances, some of which cannot be controlled by the Cairo Communication Group, and on actions that RCS or the Cairo Group Communication believe they can undertake, including hypothetical assumptions relating to future events and actions that may not necessarily occur, and are characterised by elements of subjectivity and uncertainty, as well as by the risk that the assumed events and the actions that determine such events may not occur, or may occur to a different extent and at different times from those projected, while certain events may occur and/or certain actions may be taken that are not predictable when such plans will be prepared. Consequently, there can be no guarantee, should the Offer be successful, that the Post-Offer Cairo Communication Group will achieve the expected benefits.

B.1.24.e. *Report on the audits carried out on the forecasts and estimates*

The Auditing Firm had issued a report on the consolidated forecast figures of the Cairo Communication Group and of the Integration Project referred to in this Paragraph B.1.24. A copy of this report is attached to this Supplement.

B.1.24.f. *Profit forecasts contained in other prospectuses*

There are no other valid prospectuses that contain forecasts regarding the Offeror's profits.

6. On page 208 of the Offer Document, the third paragraph of Paragraph B.2.1, "Company name, legal form, registered office", is replaced by the following.

The RCS shares were listed on the Italian Stock Exchange on 7 March 1996, under the company name HdP, then renamed "*Rizzoli Corriere della Sera MediaGroup S.p.A.",* or in short "*RCS MediaGroup S.p.A.*" or "*RCS S.p.A.*", on 1 May 2003.

E. UNIT CONSIDERATION FOR THE FINANCIAL INSTRUMENTS AND ITS JUSTIFICATION

1. On page 229 of the Offer Document, Paragraph E.1, "*Indication of the Consideration and the criteria used to determine it*", is amended as indicated below (additions are shown highlighted in bold type, while deleted text is struck through).

The Offeror shall recognise a Consideration represented by **0.16** newly issued Cairo Communication Shares for each RCS Share tendered to the Offer, the former resulting from the Capital Increase servicing the Offer.

The newly issued Cairo Communication Shares shall have ordinary rights and, therefore, will give the holders the same rights as the outstanding Cairo Communication at the time of the issue, and will be traded on the MTA, STAR segment, from the Consideration Payment Date.

The Consideration will be paid on the Consideration Payment Date, i.e. **22** July 2016.

The Consideration shall be net of duty, costs, fees and commission, which shall be payable by the Offeror, while the substitute tax on any capital gains shall be payable by the Tendering Shareholders..

The Consideration was determined by the Board of Directors based on its own analyses and considerations, carried out with the advice and support of its Financial Advisors.

On **17 June 2016** ~~8 April 2016~~, when determining the comparative estimate of the financial capital of the Cairo Communication Group and the RCS Group for the purpose of determining the Consideration, the Offeror's Board of Directors selected the Borsa Italiana list price method as the main valuation method, and the Target Prices published by the research analysts monitoring Cairo Communication and RCS securities and the Market Multiples of comparable listed companies as the control methods. **The Offeror's Board of Directors has also taken into account the competing offer, which provides for a cash consideration of EUR 0.70 for each RCS share tendered to offer.**

Given the nature of the Consideration, which comprises newly issued Cairo Communication Shares offered in exchange for the RCS Shares tendered to the Offer, the valuation analyses underlying determination of the Consideration were carried out by the Offeror in order to make a comparative estimate of the financial value of the Cairo Communication Group and the RCS Group. Therefore, based on an established principle in valuation practice, the Offeror's valuation approach favoured the principle of relative standardisation and comparability of the valuation criteria applied, in order to identify standard and comparable relative value intervals for Cairo Communication and RCS. The value estimates of the financial capital of Cairo Communication and RCS underlying the determination of the Consideration are therefore only significant in relative terms.

The valuation analyses carried out by the Offeror for the purpose of determining the Consideration presented the following limitations and difficulties:

(i) the Offeror did not carry out a financial, legal, business, fiscal, industrial or any other type of due diligence on RCS;

(ii) as at the Offer Document Date, RCS is in the process of carrying out a~~n operational and financial~~ restructuring process, the future results of which are uncertain, inasmuch as they depend on its effective implementation ~~and on the ongoing negotiations with the lending institutions that have finance agreements in place with RCS~~;

(iii) the income and financial projections relating to the RCS 2016-2018 Plan, presented in summary form to the financial community on 21 December 2015, are not sufficiently detailed to be able to determine the RCS Group operational cash flow forecasts for the purpose of applying fundamental valuation methods;

(iv) the ~~historic and future~~ “non-recurring costs” of RCS **were** ~~are~~ very significant in amount~~;: specifically, when calculating the EBITDA before non-recurring costs, RCS adjusted the EBITDA by costs of EUR 59.7 million, 110.5 million, 32.8 million and 55.4 million respectively in the 2012, 2013, 2014 and 2015 financial years, the equivalent in percentage terms of the respective annual revenues of 3.7%, 8.4%, 3.1% and 5.4%. In addition, the RCS 2016-2018 Plan also indicated an estimate of further 'non-recurring costs' amounting to a total of between EUR 70 and 80 million, with no details available about their type and distribution over time;~~

(v) Cairo Communication and RCS are only partially comparable with other similar listed companies, some of which operate in different geographical markets, with different business mixes and different turnovers, expected growth, profitability and risk profiles; this limitation is particularly relevant for RCS, in consideration of the aforementioned financial and operational restructuring process and the considerable 'non-recurring costs' that characterise the company's historic and future profit metrics;

(vi) no previous transactions that could provide a valuation parameter applicable to the value estimate of the financial capital of Cairo Communication and RCS for determining the Consideration were identified.

Therefore, given the above limits and valuation difficulties, and in line with valuation best practice in Italy and abroad, in order to determine the Consideration the Offeror used a valuation approach based on market methodologies; specifically the main methodology was that based on Stock Market Trading Prices. Stock market prices in fact provide a summary estimate of the financial capital of a listed company, as expressed by the market. In an efficient market, stock market prices are a reliable indicator of a company's value, as they reflect the investors' expectations in terms of a company's profitability, asset solidity, risk and growth prospects and, therefore, the value judgement of the company's investors based on the information in the public domain, including its historic and expected future operating and financial figures. From this point of view, especially as regards RCS, given the negative results recorded in the last financial years, the high levels of debt and the ongoing company restructuring process, the market's estimate of the company's operating and financial prospects could be complex and subject to inevitable uncertainty. Therefore, also in order to mitigate these sources of uncertainty and the possible effects linked to the volatility of stock market prices, the Consideration was determined based on the stock market prices of the Cairo Communication and RCS securities over different time horizons, i.e. in the week, the month, the three months and the six months before announcement of the Offer, in addition to the benchmark prices recorded the day before announcement of the Offer itself, **therefore not affected by the announcement of the Offer and the subsequent competing offer.**

~~In addition,~~ **The** valuations obtained by applying the Stock Market Trading Prices method were controlled by applying the Target Price and Market Multiples methods, retaining the principle of relative standardisation and comparability of the methods applied. **Moreover, the consideration of the competing offer was taken into account as an additional benchmark parameter.**

Note that the Offeror felt that the Discounted Cash Flow method could not be used to support valuation of the Consideration, as the 2016-2018 business plan presented by RCS on 21 December 2015 identifies the objectives and key actions and, only in summary **or graphical** form, the financial projections, without analytical level of detail. **The 2016-2018 business plan submitted by RCS on 21 December 2015, in fact, does not provide sufficient information on the company’s forecast cash flows (e.g. the investments expected for the 2016 and 2017 financial years are shown only in**

graphical form; no indications whatsoever are given on the expected changes in net working capital, on the expected tax effects, on the adjustments for non-monetary items included in the expected EBITDA, etc.), which represent the basis for applying the Discounted Cash Flow method, according to best market practice. Again according to best market practice, the application of the Discounted Cash Flow method also requires access to the management of the company being analysed, also in order to obtain useful information for making assumptions on the operating cash flows expected by the company after the end of the business plan period; this consideration is particularly relevant for RCS, in view of the company's significant ongoing restructuring process and of the resulting uncertainty regarding its future results. The Offeror was not able to perform independent audits with the management of RCS and it did not perform any due diligence on RCS. The application of the Discounted Cash Flow method would, therefore, have had the limitation ~~of the high level~~ of **a particularly high level of** subjectivity due to the hypotheses that would have had to have been developed for an accurate estimate of the RCS cash flows

In the case in question it was also not considered possible to use the Transaction Multiples method, because no previous transactions comparable to the Offer were identified that could provide a valuation parameter useful for the purpose of estimating the value of the Companies' financial capital.

The following is a summary description of the methods applied in order to determine the Consideration.

(a) Principal method: Stock Market Trading Prices

The Stock Market Trading Prices method involves attributing a value to the company being valued in line with the value attributed to the company by the market on which its shares are traded. This criterion assumes the efficiency of the market on which the company is listed, and translates into the possibility of identifying its financial value with the value expressed by list prices measured over appropriate timescales. The following tables show the average weighted market prices of the Cairo Communication and RCS securities respectively in different periods up to 7 April 2016 (the day before announcement of the Offer), **i.e. not affected by the announcement of the Offer and the subsequent competing offer,** and the resulting exchange ratios:

	CAIRO COMMUNICATION CUM DIVIDEND WAP (EUR)	CAIRO COMMUNICATION EX DIVIDEND (1) WAP (EUR) (A)	RCS WAP (EUR) (B)	EXCHANGE RATIOS (B/A)
1 day (7 April 2016)	4.59	4.39	0.42	**0.90**
1-week average	4.67	4.47	0.43	**0.10**
1-month average	4.52	4.32	0.49	**0.11**
3-month average	4.17	3.97	0.55	**0.14**
6-month average	4.30	4.10	0.59	**0.14**

(1) For the purpose of calculating the exchange ratios, the average weighted market price of the Cairo Communication shares was adjusted to take into account the payment of a dividend of EUR 0.20 per share, as decided by the Cairo Communication shareholders' meeting on 27 April 2016.

Based on the analyses carried out using the Stock Market Trading Price method, the following interval was therefore arrived at:

	MINIMUM	MAXIMUM
Exchange ratio	**0.09**	**0.14**

(b) Control methods

(b.1) Target Price

The Target Price method determines the value of a company based on the target valuations the financial analysts publish about the company. Target prices are indications of value that express an assumption on the price that a share can reach on the stock market and are based on several valuation methods at the discretion of the individual market analyst.

For the purpose of applying the target price method, the target prices of the Cairo Communication and RCS securities indicated by the research analysts monitoring the securities were used, as publicly available on 7 April 2016, i.e. the day before announcement of the Offer **and therefore not affected by the announcement of the Offer and the subsequent competing offer**.

Specifically, the target prices indicated by the research analysts after publication of the Cairo Communication and RCS preliminary results as at 31 December 2015 announced respectively on 12 February 2016 and 22 February 2016 were used.

Therefore, three target prices were used for the Cairo Communication security and five target prices for the RCS security, as shown below.

Cairo Communication

BROKER	DATE	RECOMMENDATION	TARGET PRICE (€)
Mediobanca	21 March 2016	*Outperform*	5.67
Kepler	17 March 2016	*Buy*	5.40
Equita SIM	9 March 2016	*Hold*	4.90
Average			5.32
Median			5.40

Source: Bloomberg to 7 April 2016, excluding the target prices referring a date prior to the date of publication of the preliminary results as at 31 December 2015.

RCS

BROKER	DATE	RECOMMENDATION	TARGET PRICE (€)
Mediobanca	4 April 2016	*Neutral*	0.96
Equita SIM	31 March 2016	*Hold*	0.78
Kepler	29 March 2016	*Hold*	0.70
Banca Akros	24 March 2016	*Accumulate*	0.85
Banca Aletti	7 March 2016	*In-line*	0.75
Average			0.81
Median			0.78

Source: Bloomberg to 7 April, excluding the target prices referring a date prior to the date of publication of the preliminary results as at 31 December 2015.

The following tables show the median and average Target Prices of the research analysts that monitor the Cairo Communication and RCS securities and their relative exchange ratios:

	CAIRO COMMUNICATION (EURO)	RCS (EURO)	EXCHANGE RATIOS
Average target price	5.40	0.78	**0.14**
Average target price	5.32	0.81	**0.15**

Source: Bloomberg; research published after publication of the RCS 2016-2018 Business Plan on 21 December 2015 and before 7 April 2016.

(b.2) Market multiples

The Market Multiples method is based on an analysis of the stock market trading prices of a sample of companies comparable to the ones being valued, compared against certain financial/operating parameters of the companies themselves.

The Market Multiples Method comprises the following phases:

a) selecting the benchmark sample;

b) determining the reference timeframe;

c) identifying the fundamental ratios (the multiples) considered significant and representative for each company to be valued;

d) determining the relevant prospective parameters of the companies in the sample and calculation of the multiples;

e) identifying the multiples interval and its application to the companies being valued, in order to determine a value interval for each company.

The level of reliability of this valuation method depends on the method being appropriately adapted to the specific valuation in question.

Given the type of method, the affinities in operating and financial terms between the companies included in the benchmark sample and those being values is particularly critical. The significance of the results in fact depends on the comparability of the sample. The practical impossibility of identifying companies identical in every sense means it is necessary to determine the features considered most important in building the sample for the comparison, and consequently in selecting the companies that are comparable in terms of the criteria selected. The securities of the selected companies must also have a good liquidity level and not be influenced by specific contingent situations.

For the purposes of this analysis, a sample of medium to large Italian and foreign companies the prices of which are considered to be significant was selected. The data available as at **16 June 2016** ~~7 April 2016~~ was used to calculate the capital value of the companies included in the sample. A number of ratios, or multiples, considered significant for the analysis based on this criteria were calculated. The multiples were selected based on the characteristics of the publishing/media sector and market practice, according to which the EV/EBITDA ratio is considered particularly important.

The EV/EBITDA value was obtained by calculating the ratio between the Enterprise Value, calculated as the sum of a company's market capitalisation, net financial debt, pension obligation liabilities, provisions for risks and charges and third-party equity, less investments in associates values using the equity method and other non-operating equity components or components valued separately, and the EBITDA before non-recurring costs and revenue.

Taking into account also the limitations and critical issues of the analysis illustrated above, the exchange ratio was determined by applying the average EV/EBITDA multiples of the companies in the sample to the figures for the future 2016, 2017 **and 2018** financial years **of Cairo Communication and RCS** ~~and to the final figures for the 2015 financial year, also in view of the uncertainty of future results, in particular for RCS, as depending on the effective implementation of the financial and operating restructuring plan currently ongoing~~. **It is noted that**, when applying the above method, ~~for the purposes of a standardised comparison for both companies,~~ the EBITDA estimates provided by FactSet expressing the consensus of research analysts were used for the 2016 and 2017 financial years **(for consistency, since the precise figure of the plan it is not available for the RCS Group; these EBITDA estimates for the 2016 and 2017 financial years amounted to EUR 26.2 million and EUR 29.7 million, respectively, for Cairo Communication, and to EUR 89.2 million and EUR 106.8 million, respectively, for RCS),** while **the EBITDA objectives of Cairo Communication and RCS set out, respectively, in the 2017-2018 Business Plan of Cairo Communication published on 17 June 2016 (amounting to approximately EUR 46 million) and in the 2016-2018**

business plan of RCS filed on 21 December 2015 (amounting to approximately EUR 140 million) were used for the 2018 financial year ~~along with the figures from the respective draft financial statements for the 2015 financial year including non-recurrent costs (EUR 55.4 million) for RCS (EBITDA before non-recurring costs)~~.

Based on the above considerations and limitations, the following companies were included in the reference sample: Arnoldo Mondadori Editore, Gruppo Editoriale L'Espresso, Axel Springer, Independent News & Media, Johnston Press, New York Times Company, Tamedia, Promotora de Informaciones and Trinity Mirror. The sample was used both for Cairo Communication and RCS, given the fact that both companies belong to the same business sector. ~~Furthermore, as for RCS and Cairo Communication, the final figures for the 2015 financial year and~~ For the companies included in the sample, the estimates provided by a consensus of research analysts **were used** for the future 2016, 2017 **and 2018** financial years.

The following table shows the average EV/EBITDA multiples for the above sample regarding ~~the figures for the 2015 financial year and~~ the estimates for the 2016 and 2017 financial years, along with the relative exchange ratios.

	EV / EBITDA(1)	EXCHANGE RATIOS
~~2015A~~	~~7.4~~	~~0.059~~
2016E	**7.0x**	**0.08**
2017E	**6.6x**	**0.12**
2018E	**6.4x**	**0.16**

(1) Source FactSet and financial information available at **16 June** ~~7 April~~ 2016.

~~(2) For the purpose of calculating the exchange ratios, the price of the Cairo Communication shares was adjusted to take into account of the payment of a dividend of EUR 0.2 per share, as decided by the Cairo Communication shareholders' meeting on 27 April 2016.~~

According to the analyses carried out according to the above criteria, the Cairo Communication Board of Directors identified the following exchange ratios (Cairo Communication shares for each RCS share).

METHOD	EXCHANGE RATIO		
	Minimum -	Maximum	~~Average (1)~~
Main method::			
Stock market trading prices	**0.09**	**0.14**	~~0.119~~
Control method:			
Target Prices	**0.14**	**0.15**	~~0.148~~
Market multiples	**0.08**	**0.16**	~~0.096~~

~~(1) Calculated as the average between the minimum and the maximum values..~~

The competing offer, as reported in the press release of 16 May 2016 pursuant to Articles 114 and 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulations and also in the offer document published on 11 June 2016, provides for a cash consideration of EUR 0.70 for each share that will be tendered to the offer, in the period between 20 June and 15 July 2016. This valuation per RCS share, when compared to the Stock Exchange price of Cairo Communication on 16 June (the day before the announcement of the Offer) and the median Target Price of the research analysts who follow the Cairo Communication security until 7 April (the day before the announcement of the offer), would imply an exchange ratio relationship ranging between 0.13 and 0.17 Cairo Communication shares for each RCS Share.

Given the above, the Cairo Communication Board of Directors has determined the Consideration **amounting to 0.16 Cairo Communication Shares for each RCS Share**~~, which implies an exchange ratio that is the average of the values obtained using the main method of Stock Market Trading Prices (0.12 Cairo Communication Shares for each RCS Share)~~.

Monetary valuation of the Consideration

Note that, for the purpose of attributing a "monetary" value to the Consideration, each Cairo Communication offered in exchange has been valued based on the **official price of the Cairo Communication Shares on 7 April 2016, adjusted to take into account the dividend approved by the Cairo Communication's Shareholders' Meeting of 27 April 2016** ~~issue price of the Cairo Communication Shares set by the Offeror's Board of Directors in its Capital Increase (EUR 4.39)~~. When this price is applied to the Consideration (i.e., by multiplying EUR **4.39** by the **0.16** Cairo Communication Shares offered for each RCS share tendered to the Offer), the implicit monetary value of the Consideration is EUR **0.7024** for each RCS Share tendered to the Offer (the "Unit Monetary Value").

2. **On page 235 of the Offer Document, the second and third paragraphs of Paragraph E.2, "*Total Value of the Offer*", are amended as follows (additions are shown highlighted in bold).**

In the event of total acceptance of the Offer, the Tendering Shareholders will be assigned a total of **83,498,393** Cairo Communication Shares from the Capital Increase, based on the exchange ratio described in Paragraph 0, Section E of the Offer Document.

In the event of total acceptance of the Offer, the total value of the Offer will therefore be EUR **366,557,945.80** (the "Total Value") based on a valuation at the Unit Monetary Value.

3. In Paragraph E.3, "*Comparison of the Consideration with some indicators concerning the Issuer*", the third paragraph has been deleted while the table on page 236 of the Offer Document is fully replaced by the following.

PRICE MULTIPLIERS (1)	**2015**	**2014**
EV/EBITDA(2)	12.1x	14.3x
P/Equity	3.6x	1.4x

Source: Issuer's Consolidated Financial Statements on 31 December 2015 and 2014 and interim management report at 31 March 2016; for the year closed on 31 December 2014, reprocessed figures were used to take account of assets held for sale and discontinued or sold during the financial year.

(1) The P/cash flow and P/E multiples are not included in the table above since they are negative in both financial years considered.

(2) It is noted that the value related to the EBITDA used to calculate the multiplier is before tax expense and non-recurring income which amounted to EUR 55.4 million in the 2015 financial year and to EUR 32.8 million in the 2014 financial year; if the EBITDA including expenses and non-recurring income had been used, the multiplier would be equal to 52.8x and 31.0x.

4. In Paragraph E.3, "*Comparison of the Consideration with some indicators concerning the Issuer*", the table on page 238 of the Offer Document is fully replaced by the following.

Comparable companies (1)	EV/EBITDA 2015	EV/EBITDA 2014	P/Equity (2) 2015	P/Equity (2) 2014
Mondadori	7.0x	7.5x	1.0x	1.0x
Espresso	3.6x	3.5x	0.5x	0.5x
Axel Springer	12.4x	12.8x	2.5x	2.3x
Independent News & Media	4.8x	5.4x	4.3x	n.m.
JohnstonPress	4.1x	3.9x	0.1x	0.2x
NYT	8.2x	9.3x	2.3x	2.7x
Tamedia	7.9x	8.1x	1.2x	1.4x
Prisa	7.4x	8.2x	n.m.	n.m.
Trinity Mirror	5.1x	5.2x	0.4x	0.4x
Media	6.7x	7.1x	1.5x	1.2x
Mediana	7.0x	7.5x	1.1x	1.0x
RCS	**12.1x**	**14.3x**	**3.6x**	**1.4x**

Source: Company financial statements, FactSet and Bloomberg.

(1) The multipliers were calculated based on the number of shares issued net of treasury shares as at the latest available data before the Offer Document Date and based on the ordinary share market price as at 18 May 2016. In the case of RCS the multipliers were calculated based on the Consideration.

(2) The multiplier P/Equity was calculated based on the ordinary share market price as at 18 May 2016 (in the case of RCS based on the Consideration) and the shareholders' equity per share with reference to the financial years ended on 31 December 2015 and 31 December 2014.

5. In Paragraph E.4, "*Monthly arithmetic and weighted mean of the RCS Share registered list prices in the twelve months before the Offer*", the sixth paragraph and the following table, on page 240 of the Offer Document, are entirely replaced as follows (additions are shown highlighted in bold type, while deleted text is struck through).

The following table shows a comparison between the Consideration~~, calculated on the basis of the official Cairo Communication share price recorded on 7 April 2016, adjusted to take into account the dividend approved by the Cairo Communication shareholders' meeting on 27 April 2016,~~ and (i) the official price of the RCS Shares on the Stock Exchange Trading Day before the date on which the Offeror's decision to make the Offer was announced (i.e. 7 April 2016), and (ii) the weighted averages of the official prices 1, 3 and 6 months and 1 year before the date on which the Offeror's decision to make the Offer was announced.

REFERENCE	CONSIDERATION IMPLICIT	CONSIDERATION OFFERED V. MARKET PRICES
	EX DIVIDEND	EX DIVIDEND
Consideration offered	**0.7024**	
Official price as at 7 April 2016	0.4156	**69.1%**
Average prices at 1 month	0.4911	**43.1%**
Average prices at 3 months	0.5486	**28.1%**
Average prices at 6 months	0.5908	**19.0%**
Average prices at 1 year	0.7557	**(7.0%)**

Source: Bloomberg, official prices

6. **On page 241 of the Offer Document, in Paragraph E.7.1, "*Description of the Cairo Communication Shares servicing the Offer*", the first paragraph is amended as follows (additions are shown highlighted in bold, while the deleted text is struck through).**

The Cairo Communication Shares to be assigned as Consideration to the RCS Shareholders accepting the Offer in accordance with paragraph E.1 above are the **83,498,393** newly issued Cairo Communication ordinary shares deriving from the Capital Increase servicing the Offer **to be resolved by the Extraordinary Shareholders' Meeting of Cairo Communication called for 18 July 2016** ~~decided by the Extraordinary Shareholders' Meeting of Cairo Communication on 12 May 2016~~.

7. **On page 241 of the Offer Document, after the last paragraph of Paragraph E.7.5, "*Description of the rights of the Cairo Communication Shares servicing the Offer*", the following paragraphs are added.**

Voting rights

It noted that on 17 June 2016, Cairo Communication's Board of Directors has resolved to propose to the Extraordinary Shareholders' Meeting called for 18 July 2016 to amend the articles of association in order to introduce the increase of the voting right, pursuant to Article 127-*quinquies* of the TUF. Specifically, the Board of Directors has proposed to the Shareholders' Meeting to set out in the articles of association the right to double voting (i.e. to two votes per share) if both the following conditions are met: (a) the right to vote pertained to the same subject by virtue of a real right of eligibility (full ownership with voting rights or bare ownership with voting rights) for a continuous period of at least twenty-four months; and (b) the occurrence of assumption under (a) is evidenced by the continuous registration, for a period of at least twenty four months, in the special list specifically set up, as well as by a notice certifying the ownership of the shares referred to the expiry date of the continuous period issued by the intermediary with which the shares are deposited in accordance with current legislation.

8. **On page 243 of the Offer Document, Paragraph E.7.6, "Issue of the Cairo Communication Shares", is amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).**

The Cairo Communication Shares will be issued on the Consideration Payment Date (either on the payment date in the event of a Purchase Obligation pursuant to Article 108, paragraph 1 of the TUF, or on the payment date in the event of a Purchase Obligation pursuant to Article 108, paragraph 2 of the TUF, depending on the case).

The issue of Cairo Communication shares will take place in execution of the Capital Increase **that will be resolved by the Cairo Communication's Extraordinary Shareholders' Meeting called for 18 July 2016** ~~decided by the Cairo Communication Extraordinary Shareholders' Meeting on 12 May 2016~~.

For the purposes of the Capital Increase, the Offeror's Board of Directors decided, in accordance with Article 2440 of the Italian Civil Code, to apply the provisions of Articles 2343-*ter* and 2343-*quater* of the Civil Code for the valuation of the RCS Shares being contributed. These provisions specifically provide that there is no need to request a sworn expert estimate of the value of the assets contributed by an expert appointed by the Court of the district in which the company contributing the shares is based, should the value attributed to the assets, for the purpose of determining the share capital and any share premium, be the same or less than the value given by a valuation made no earlier than six months before contribution of the shares and in line with the generally accepted principles and criteria for valuing the assets to be contributed, on condition that the valuation is carried out by an independent expert of the entity contributing the shares, the company and the shareholders that individually or jointly control the contributing entity or the company itself, and has appropriate, proven professional qualifications (see Article 2343-*ter*, paragraph 2, letter b) of the Italian Civil Code).

Cairo Communication therefore appointed Professor Andrea Amaduzzi - an independent expert as required by Article 2343-*ter*, paragraph 2, letter b) of the Italian Civil Code - to prepare his valuation of the RCS Shares for the contribution in kind. On **22 June 2016**, Professor Andrea Amaduzzi issued his appraisal report of the RCS Shares as at **31 March 2016**.

Furthermore, ~~on 21 April 2016,~~ the Auditing Firm **will issue, in compliance with the deadlines set forth by applicable legislation,** ~~delivered~~ its report on the congruence between the issue price of the Cairo Communication Shares servicing the Capital Increase, in accordance with the combined provisions of Article 2441, paragraph 6 of the Italian Civil Code and Article 158, paragraph 1 of the TUF.

The statement by the directors of Cairo Communication, issued pursuant to Article 2343-*quater*, paragraph 4 of the Italian Civil Code, will be recorded in the Milan Companies Register by the Consideration Payment Date and, in any case, in good time to allow payment of the Consideration.

F. OFFER TERMS AND CONDITIONS, DATE AND TERMS OF PAYMENT OF THE CONSIDERATION AND RETURN OF SECURITIES FORMING COVERED BY THE OFFER.

1. On page 266 of the Offer Document, the first paragraph of Paragraph F.1.1, "*Acceptance Period*" is amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).

The Acceptance Period agreed upon with Borsa Italiana pursuant to Article 40, paragraph 2, of the Issuers' Regulations **and as aligned pursuant to Article 44, paragraph 5, of the Issuers' Regulations began** ~~shall commence~~ at 8:30 am of 13 June 2016 and will end at 5:30 pm of **15 July 2015** ~~8 July 2016~~ (both dates included). **15 July 2015** ~~8 July 2016~~ therefore represents the end of the Acceptance Period unless extended in terms of legal provisions and regulations.

2. On pages 268 and 269 of the Offer Document, the third and the fifth paragraph of Paragraph F.3, "Communications concerning the developments and Offer results", are amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).

The Offeror will notify fulfilment or non-fulfilment of the Conditions of Effectiveness of the Offer and in the event that the Conditions of Effectiveness of the Offer have not been met, renunciation thereto, by no later then:

- with respect to the Minimum Acceptance Level Condition, by not later than 7:59 of the first Stock Exchange Trading Day following the end of the Acceptance Period (i.e. **18 July 2016** ~~11 July 2016~~, unless extended);

- with respect to the Conditions of Effectiveness of the Offer pursuant to articles (b) and (e), of Warning A.1.1, together with the publication of the Press Release of the Offer Results, that is by no later than 7:59 of the Stock Exchange Trading Day preceding the Consideration Payment Date (i.e. **21 July 2016** ~~14 July 2016~~, unless extended).

Final results of the Offer will be published by the Offeror on the date preceding the Consideration Payment Date, i.e. by **21 July 2016** ~~14 July 2016~~ (unless extended), pursuant to article 41, paragraph 6, of the Issuers' Regulation by statement to be published in the "*Corriere della Sera*".

2. On page 270 of the Offer Document, the first paragraph of Paragraph F.5, "Consideration Payment Date" is amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).

Subject to fulfilment of the Conditions of Effectiveness of the Offer (or waiver thereof by the Offeror), payment of the Consideration to the holders of the RCS Shares which will be tendered in acceptance of the Offer will be made on **22 July 2016** ~~15 July 2016~~ (i.e. the fifth Stock Exchange Trading Day following the last day of the Acceptance Period).

G. OPERATING TERMS, PROPER COMPLIANCE GUARANTEES AND FUTURE PLANS OF THE OFFEROR

1. On page 272 of the Offer Document, Paragraph G.1, "*Financing the Offer and guaranteeing compliance*", is amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).

The Offeror intends to finance the overall value of the Offer equal, in the event of full acceptance of the Offer, to a maximum **83,498,393** Cairo Communication Shares, through the Capital Increase **that will be resolved by the Cairo Communication's Extraordinary Shareholders' Meeting called for 18 July 2016**.

By way of guarantee of the proper fulfilment of the payment obligation of the Consideration, ~~undertaken by the Offeror upon the terms and conditions of this Offer Document, the General Meeting of Shareholders of Cairo Communication resolved to approve the Capital Increase by resolution dated 12 May 2016~~ **as indicated in the press release issued on 17 June 2016 pursuant to Article 44, paragraphs 2 and 3, of the Issuers' Regulation, on 17 June 2016, (i) the notice of call was issued for the Cairo Communication's Extraordinary Shareholders' Meeting summoned to resolve on the proposed Capital Increase, to be paid by contribution in kind pursuant to Article 2441, fourth paragraph, of the Civil Code, aimed at the issue of the Cairo Communication Shares to be allocated in exchange for the contribution of each RCS Share tendered to the Offer, according to the exchange ratio established by the Consideration; and (ii) Mr Urbano Cairo, UTC and UT Belgium Holding S.A., which parties hold together an equity stake of 72.98% of Cairo Communication's capital, have signed a shareholders' agreement, published in compliance with Article 122 of the TUF and the relevant implementing rules of the Issuers' Regulation, having as object the unconditional and irrevocable commitment of these latter, also in the interest of Cairo Communication, to participate in the said Extraordinary Shareholders' Meeting and to vote in favour of the Capital Increase, to guarantee approval of the same. The aforementioned shareholders have also conferred on the notary Mr Andrea De Costa, with substitution powers, the delegations and binding instructions to vote in favour of the Capital Increase at the Extraordinary Shareholders' Meeting of 18 July 2016, in accordance with the obligations undertaken.**

Copies of this notice of call, of the shareholders' agreement and of the delegations conferred on the notary Mr Andrea De Costa were filed with CONSOB on 17 June 2016, pursuant to Article 44, paragraph 2, of the Issuers' Regulations.

It is noted that, by resolution no. 19639 of 21 June 2016, CONSOB resolved "*to ask the Offeror to provide promptly - if necessary also by using the financial instruments already issued, including the Cairo Communication Shares already issued - an appropriate additional guarantee, in compliance with local legislation, designed to ensure the full satisfaction of the rights of the accepting investors in the event of non-fulfilment or improper fulfilment of the commitments and obligations undertaken by the Offeror, also in relation to the possible non-timely adoption of the resolution for the issue of the financial products offered as consideration.*". At the date of the Supplement, it is not possible to assess the effects that may arise from the provision of this supplemental guarantee on the Post-Offer Cairo Communication Group's economic, equity and financial situation.

It is noted that until the approval by the Cairo Communication's Extraordinary Shareholders' Meeting on 18 July 2016 of the Capital Increase servicing the Offer (subject to revocation of the resolution for the Capital Increase Resolved on 12 May 2016), the resolution for the Capital

Increase resolved on 12 May 2016, which provides for the issue to service the Offer of a maximum number of 62,623,795 Cairo Communication Shares, will remain valid and effective.

2. On page 272 of the Offer Document, the second paragraph of Paragraph G.2.1, "Reasons for making the Offer", is replaced by the following.

The Board of Directors has also specified that, subject to the positive outcome of the due diligence on the RCS Group, Cairo Communication intends to complete the project for relaunching RCS with the merger by incorporation of the latter into Cairo Communication, to be implemented in the period of 12 -24 months after the finalisation of the Offer.

3. On page 274 of the Offer Document, the first paragraph of Paragraph G.2.2(b), "*Post-Offer Cairo Communication Group plans*", is replaced by the following.

On 17 June 2016, the Cairo Communication's Board of Directors has approved: (i) the Cairo Communication Plan; and (ii) the Integration Project related to the Post-Offer Cairo Communication Group. If the Offer is successful, the Offeror believes that the business plan for the Post-Offer Cairo Communication Group can be approved by the end of 2016.

H. FUTURE AGREEMENTS AND TRANSACTIONS BETWEEN THE OFFEROR, THE PERSONS ACTING TOGETHER WITH THE OFFEROR AND THE ISSUER, OR THE SIGNIFICANT SHAREHOLDERS OR THE MEMBERS OF THE BOARD OF DIRECTORS OR BOARD OF AUDITORS OF THE ISSUER

1. On page 283 of the Offer Document, Paragraph H.1, "*Agreements between the Offeror and the shareholders and the members of the board of directors and board of auditors of the Issuer which are relevant to the Offer*" is amended as follows (additions are shown highlighted in bold type).

On 17 June 2016, Mr Urbano Cairo, UTC and UT Belgium Holding S.A., which parties hold together an equity stake of 72.98% of Cairo Communication's capital, have signed a shareholders' agreement, published in compliance with Article 122 of the TUF and the relevant implementing rules of the Issuers' Regulation, having as object the unconditional and irrevocable commitment of these latter, also in the interest of Cairo Communication, to participate in the Extraordinary Shareholders' Meeting called for 18 Juky 2016 and to vote in favour of the Capital Increase, to guarantee approval of the same. The aforementioned shareholders have also conferred on the notary Mr Andrea De Costa, with substitution powers, the delegations and binding instructions to vote in favour of the Capital Increase at the Extraordinary Shareholders' Meeting of 18 July 2016, in accordance with the obligations undertaken.

At the Document Date, no **further** agreements between the Offeror and the shareholders and the members of the board of directors and board of auditors of the Issuer which are relevant to the Offer are in place.

J. DILUTION ARISING FROM THE OFFER

1. On page 285 of the Offer Document, Section J, "*Dilution arising from the offer*", is amended as follows (additions are shown highlighted in bold type, while deleted text is struck through).

The Cairo Communication Shares will be issued with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 4, first sentence, of the Civil Code since they are offered in exchange to the RCS Shareholders who/which tender RCS Shares to the Offer. The dilution percentage of the current Cairo Communication shareholders will depend on the result of the Offer, since the number of Cairo Communication Shares to be issued to service the Offer will depend on the number of acceptances to the Offer.

In the event of acceptance of the Offer by 50% of the RCS shareholders, Cairo Communication will issue a total of **41,749,197** Cairo Communication Shares to be allotted by way of exchange to the Tendering Shareholders and dilution of the current shareholders of Cairo Communication in the share capital of the Offeror will be equal to **34.76%**.

The table hereunder shows the shareholdings that will be held by the shareholders who/which, to the Offeror's knowledge at the Offer Document Date, hold shareholdings in the share capital of Cairo Communication equal to or exceeding 5%, assuming: (i) that during the Acceptance Period a number of RCS Shares representing 50% of the share capital will be tendered to the Offer; (ii) that following the Offer Document Date, there will be no modifications to the size of the significant shareholdings in Cairo Communication; and (iii) that UTC, owner at the Offer Document Date of a shareholding representing 4.724% of the share capital of RCS, will not tender to the Offer any of the RCS Shares it holds.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**29.28%**
	Urbano Cairo	**8.08%**
	UT Belgium Holding S.A.	**10.25%**
Total significant shareholders		**47.60%**
Market		**52.40%**
Total		100.00%

The table hereunder shows the shareholdings that will be held by the shareholders who/which, to the Offeror's knowledge at the Offer Document Date, hold shareholdings in the share capital of Cairo Communication equal to or exceeding 5%, assuming: (i) that during the Acceptance Period a number of RCS Shares representing 50% of the share capital, including the shares referred to under point (iii) below, will be tendered to the Offer; (ii) that following the Offer Document Date, there will be no modifications to the size of the significant shareholdings in Cairo Communication; and (iii) that UTC, owner at the Offer Document Date of a shareholding representing 4.724% of the share capital of RCS, will tender to the Offer all the RCS Shares it holds.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**32.56%**
	Urbano Cairo	**8.08%**
	UT Belgium Holding S.A.	**10.25%**
Total significant shareholders		**50.89%**
Market		**49.11%**
Total		100.00%

The table hereunder shows the shareholdings held by the shareholders who/which, to the Offeror's knowledge at the Offer Document Date, hold shareholdings in the share capital of Cairo Communication equal to or exceeding 5%, assuming: (i) that during the Acceptance Period a number of RCS Shares representing 35% of the share capital will be tendered to the Offer; (ii) that following the Offer Document Date, there will be no modifications to the size of the significant shareholdings in Cairo Communication; and (iii) that UTC, owner at the Offer Document Date of a shareholding representing 4.724% of the share capital of RCS, will tender to the Offer all the RCS Shares it holds.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**32.68%**
	Urbano Cairo	**9.02%**
	UT Belgium Holding S.A.	**11.44%**
Total significant shareholders		**53.15%**
Market		**46.85%**
Total		100,00%

The table hereunder shows the shareholdings held by the shareholders who/which, to the Offeror's knowledge at the Offer Document Date, hold shareholdings in the share capital of Cairo Communication equal to or exceeding 5%, assuming: (i) that during the Acceptance Period a number of RCS Shares representing 35% of the share capital, including the shares referred to under point (iii) below, will be tendered to the Offer; (ii) that following the Offer Document Date, there will be no modifications to the size of the significant shareholdings in Cairo Communication; and (iii) that UTC, owner at the Offer Document Date of a shareholding representing 4.724% of the share capital of RCS, will tender to the Offer all the RCS Shares it holds.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**36.35%**
	Urbano Cairo	**9.02%**

	UT Belgium Holding S.A.	**11.44%**
Total significant shareholders		**56.81%**
Market		**43.19%**
Total		100.00%

In the event of acceptance of the Offer by 100% of the RCS shareholders, Cairo Communication will issue a total of **83,498,393** Cairo Communication Shares to be allotted by way of exchange to the Tendering Shareholders and dilution of the current shareholders of Cairo Communication in the share capital of the Offeror will be equal to **51.59**%.

The table hereunder shows shareholdings that will be held by the shareholders who/which, to the Offeror's knowledge at the Offer Document Date, hold shareholdings in the capital of Cairo Communication equal to or exceeding 5%, assuming: (i) that during the Acceptance Period a number of RCS Shares representing 100% of the share capital (including, therefore, all the RCS Shares held by UTC) will be tendered to the Offer; and (ii) that following the Offer Document Date, there are no modifications to the size of the significant shareholdings in Cairo Communication.

DECLARANT	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL
Urbano Cairo	UT Communications S.p.A.	**24.16%**
	Urbano Cairo	**6.00%**
	UT Belgium Holding S.A.	**7.60%**
Total significant shareholders		**37.76%**
Market		**62.24%**
Total		100.00%

N. PUBLICALLY AVAILABLE DOCUMENTS AND PLACES WHERE THEY ARE AVAILABLE FOR CONSULTATION

1. On page 297 of the Offer Document, Paragraph No. 1, "Documents regarding the Offer", is amended as follows (deleted text is struck through).

The documents indicated hereunder concerning the Offeror are available at the registered office of the Offeror in Milan, via Tucidide, n. 56, the registered office of the Intermediaries Appointed to Coordinate the Collection of Acceptances Banca IMI S.p.A., in Milan, Largo Mattioli, no 3, e and EQUITA SIM S.p.A., in Milan, via Turati, no. 9, on the Offeror's website, www.cairocommunication.it and on the websites of Global Information Agent, www.georgeson.it and www.sodali-transactions.com:

- Articles of Association of Cairo Communication;
- Annual financial report including consolidated financial statements of Cairo Communication, for financial years ending 31 December 2015, 31 December 2014 and 31 December 2013;
- The interim management report dated 31 March 2016 drawn up by Cairo Communication;
- Cairo Communication 2015 Remuneration Report;
- ~~Report of the directors of Cairo Communication issued on 12 April 2015 with respect to the Capital Increase pursuant to art. 2441, paragraph 6 of the Civil Code;~~
- ~~Fairness opinion of 21 April 2016 issued by KPMG S.p.A., with registered office in Milano, via Vittor Pisani, no. 25, pursuant to art. 2441, paragraph 6, of the Civil Code and art. 158, paragraph 1, of the TUF;~~
- ~~Evaluation as at 31 December 2015 issued on 20 April 2016 by an independent expert professor Andrea Amaduzzi, regarding the value of RCS Shares pursuant to article 2440 paragraph 2, letter b) of the Civil Code.~~

O. ADDITIONAL INFORMATION

1. On page 298 of the Offer Document, Paragraph O.1, "Expert reports and opinions" is entirely replaced by the following.

KPMG S.p.A., with registered office in Milan, Via Vittor Pisani 25, will issue, pursuant to Article 2441, paragraph 6, of the Civil Code, and Article 158, paragraph 1, of the TUF, its fairness opinion in the context of the Capital Increase in compliance with the deadlines set forth by the applicable legislation.

The independent expert, Professor Andrea Amaduzzi, has issued on 22 June 2016 his assessment concerning the value of the RCS Shares pursuant to Articles 2440, paragraph 1, and 2343-*ter*, paragraph 2, letter. b), of the Civil Code in the context of the Capital Increase.

P. DECLARATION OF RESPONSIBILITY

Responsibility for the completeness and veracity of the data and information contained in this Offer Document lies with the Offeror.

The Offeror declares that, to its knowledge, the data included in the Offer Document is true and correct and that no significant data was omitted.

Cairo Communication S.p.A.

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Urbano R. Cairo

(Chairman of the Board of Directors)

Report of the Auditing Firm KPMG S.p.A. related to the pro-forma figures contained in this Supplement

KPMG

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Report on the examination of the Pro-forma Consolidated Balance Sheet, Income Statement and Cash Flow Statement of the Cairo Communication Group for the period which closed at 31 December 2015

To the Board of Directors of Cairo Communication S.p.A.

1 We have examined the schedules of the Proforma consolidated Balance Sheet, Income Statement and Cash Flow Statement accompanied by the explanatory notes of Cairo Communication S.p.A. for the financial period which closed at 31 December 2015 (hereinafter the "Pro-forma Consolidated Schedules") referred to in chapter B.3 of the Supplement to the voluntary full public exchange offer pursuant to Articles 102 and 106, paragraph 4, of Legislative Decree no. 58 of 24 February 1998, regarding the RCS MediaGroup S.p.A. ordinary shares (hereinafter the "Supplement to the Offer Document").

The Supplement to the Offer Document must be read together with the Offer Document - of which it is an integral part - published on 20 May 2016 and referring to the aforesaid voluntary full public exchange offer.

The Pro-forma Consolidated Schedules have been prepared on the basis of the hypotheses described in the explanatory notes to reflect rectroactively the effects of the potential acquisition transaction on the part of the Cairo Communication Group of the controlling stake in RCS MediaGroup S.p.A. through the capital increase contemplated in the Supplement to the Offer Document to be released by the contribution in nature of the RCS MediaGroup shares contributed (the Transaction"). The Pro-forma Consolidated Schedules have been drawn up as if the Transaction had virtually taken place on 31 December 2015 for the effects on the equity, and on 1 January 2015 for the cash flow and economic effects.

The Pro-forma Consolidated Schedules derive from historic data relative to the consolidated financial statements of the Cairo Communication Group for the period which closed at 31 December 2015, from the past data of the consolidated financial statements of the RCS Group at 31 December 2015 and from the pro-forma adjustment entries applied to the same. In addition, the explanatory notes also contain descriptions of the effects deriving from alternative scenarios to those considered by Cairo Communication S.p.A. as the conditions for the effectiveness of the Operation. We have examined the Pro-forma Consolidated Schedules, including the explanatory notes, and the proforma adjustment entries.

We have audited the consolidated financial statements at 31 December 2015, subsequent to which the report dated 5 April 2016 has been issued.

The consolidated financial statements at 31 December 2015 of the RCS MediaGroup have been audited by KPMG S.p.A., mandated by RCS MediaGroup S.p.A., subsequent to which the report dated 6 April 2016 was issued.

2 The Pro-forma Consolidated Schedules were drawn up for the purposes requested by Regulation 809/2004/EC for their inclusion in the Supplement to the Offer Document drawn up pursuant to Articles 34-*ter*, paragraph 1, letter j), and 57, paragraph 1, letter c), of the "Implementation Regulations of Legislative Decree no. 58 of 24 February 1998 on the discipline of Issuers" adopted by CONSOB with resolution no . 11971 of 14 May 1999, and successively amended and supplemented.

The aim of drafting the Pro-forma Consolidated Schedules is to represent, according to valuation criteria consistent with the historic data and conforming to the provisions of reference, the effects of the transaction on the economic trend and on the equity and financial situation of the Cairo Communication Group, as if it had taken place on 31 December 2015 and on 1 January 2015 for the economic and financial effects. However, it must be noted that if the potential acquisition on the part of the Cairo Communication Group of the majority shareholding of RCS MediaGroup S.p.A. had actually taken place on the hypothesised date, the results represented herein would not necessarily have been obtained.

The directors of Cairo Communication S.p.a. are responsible for drawing up the Pro-forma Consolidated Schedules. We are responsible for expressing a professional opinion on the reasonableness of the hypotheses adopted by the directors for the drafting of the Pro-forma Consolidated Schedules and on the correctness of the methods that they have used for the preparation of the said Proforma Consolidated Schedules. We are also responsible for expressing a professional opinion on the correctness of the valuation criteria and the accounting standards used.

3 Our examination has been carried out according to the criteria recommended by CONSOB in Recommendation DEM/1061609 of 9 August 2001 for the verification of the proforma data and making the controls that we deemed necessary for the apurposes of the mandate conferred on us.

4 In our opinion, the hypotheses adopted by Cairo Communication S.p.A. for the preparation of the Pro-forma Consolidated Schedules relative to the period which closed at 31 December 2015, to represent the effects of the potential acquisition on the part of the Cairo Communication Group of the majority stake in RCS MediaGroup S.p.A. through the capital increase contemplated in the Supplement to the Offer Document, to be released by conferment in nature, of the RCS MediaGroup shares tendered, are reasonable and the methods used for the calculations of the said Pro-forma Consolidated Schedules, has been applied correctly and for the information purposes described above. We also maintain that the evaluation criteria and the accounting standards used for the preparation of the said schedules are correct.

Milan, 17 June 2016

KPMG S.p.A.

Signed: Francesco Spadaro
Partner

Report of the Auditing Firm KPMG S.p.A. on the forecast figures

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The auditing firm's report on the provisional consolidated data of the Cairo Communication Group

To the Board of Directors of Cairo
Communication S.p.A.

We have examined the provisional consolidated data of the Cairo Communication Group (the "Company") and of the Integration Project as identified in the following paragraph, and the hypotheses and elements on which they are based, included in chapter B.1.24 (hereinafter the "Provisional Data") of the Supplement to the Offer Document (hereinafter the "Supplement") relative to the Voluntary Full Public Exchange Offer for the ordinary shares of RCS MediaGroup S.p.A. (hereinafter the "Offer").

As indicated in chapter B.1.24 of the Supplement, the Integration Project includes the provisional data of the Post-Offer Cairo Communication Group, assuming the completion of the Offer with the consequent acquisition of the control of the RCS Group and the inclusion of the same in the consolidation perimeter of the Cairo Communication Group (hereinafter the "Integration Project").

The directors' responsibilities

The directors are responsible for drawing up the Provisional Data of Cairo Communication S.p.A.

The Provisional Data have been taken from the document entitled "Integration Plan RCS Media Group and Cairo Communication" approved by the Cairo Communication S.p.A. Administration on 17 June 2016.

The Provisional Data are based on a series of hypotheses regarding the occurrence of future events and actions to be undertaken by the Cairo Communication S.p.A. directors as well as on assumption of a hypothetical nature relative to the execution of the Integration Plan, as indicated in the paragraph "Integration Plan Guidelines" included in chapter b.1.24 of the Supplement, which have not necessarily been checked.

The auditing firm's responsibilities

Our examination was carried out according to the procedures contemplated for such a task by the International Standard on Assurance Engagements (ISAE) 3400 "The Examination of Prospective Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB). It must be taken into account that because of the risk connected with the occurrence of any future event, both as regards the existence of the event and as regards its entity and timing, the differences between final balances and forecasts of the Provisional Data could be significant, also if the events contemplated within the sphere of the assumptions of a hypothetical nature relative to the fulfilment of the Integration Project, recalled in the preceding paragraph, actually take place. Our responsibility does not extend to the updating of this report for events or circumstances that could occur after the date of the same.

Conclusions

On the basis of the probative elements in support of the two hypotheses and elements used to calculate the Provisional Data, we are not aware of any facts such as to indicate, at present, that the aforesaid hypotheses and elements do not give a reasonable basis for drafting the Provisional Data, assuming the occurrence of the hypothetical assumptions relative to the execution of the Integration Project referred to in the paragraph on "The Directors' Responsibilities". In addition, in our opinion, the Provisional Data have been drafted using consistently the hypotheses and the elements mentioned above, developed on the basis of the standardised accounting principles compared to those applied by the Cairo Communication Group in the preparation of the consolidated financial statements closed at 31 December 2015.

Usage limitations

This report has been drawn up only for the purposes contemplated by Regulation 809/2004/EC for its inclusion in the Supplement and cannot be used entirely or in part for other purposes.

Milan, 22 June 2016

KPMG S.p.A.

Signed: Francesco Spadaro
Partner