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Merger Plan of EI Towers and Digital Multimedia Technologies has been approved

- **exchange ratio determined in 34 DMT shares for 401 EI Towers shares**
- **creation of a Italian leading operator in the electronic communication network infrastructure industry and related services**
- **shareholders' meetings to approve the merger within next October**

July 28 2011 – The board of directors of EI Towers S.p.A. ("**EI Towers**") and di Digital Multimedia Technologies S.p.A. ("**DMT**"), have met today and approved the merger plan by incorporation of EI Towers in DMT.

EI Towers, whose share capital is entirely held by Mediaset, through Elettronica Industriale S.p.A., is a newly incorporated company. Elettronica Industriale S.p.A. has contributed to EI Towers the business unit active in supply of infrastructure networks and/or services of electronic communication and any other related activities, as of June 30, 2011.

Transaction rationale

The industrial integration of the assets respectively owned by EI Towers and DMT referring to the broadcast and mobile towers is aimed at creating an Italian leading operator in the electronic communication infrastructure and related services and at achieving relevant synergies between the respective businesses, in order to create value for all the shareholders.

DMT will contribute to the transaction its *know-how* and experience in the efficient management of the infrastructures and, in particular, in the process of acquisitions of new tower portfolios, and in the capacity to develop a client portfolio in a dedicated manner. EI Towers will contribute to the transaction the experience of Elettronica Industriale S.p.A. – which is going to keep the title to use the frequencies – in managing, maintaining, engineering and planning television networks.

The company resulting from the merger will have a portfolio of about 3,000 sites, approximately 2,300 of which in its property and/or availability.

The sum of DMT's and EI Tower's portfolios will allow to reach a national coverage and a more diffused presence compared to their stand alone infrastructures. As a result of the integration of the portfolios, the company resulting from the merger will be able to reach a coverage of hospitality offer on most of Italian territory. The contribution of EI assets will enable a significant increase of the coverage compared to the existing towers portfolio of DMT.

The combined infrastructure will allow the *management* of the company resulting from the merger to offer efficient solutions to the market with regard to the hospitality (as already happens for mobile and wireless operators) as well as with regard to the supply of integrated services instrumental to the diffusion and contribution of radio television signal.

Terms and conditions of the transaction

The integration will be achieved by means of the merger by incorporation of EI Towers in DMT on the basis of the values of the economic capital of DMT, which is equal to Euro 317,4 millions, and of EI Towers, which is equal to Euro 476,1 millions, corresponding to an implicit evaluation equal to Euro 28,08 per share of DMT and equal to Euro 2,38 per share of EI Towers; on the basis of the foregoing,



PRESS RELEASE

the exchange ratio has been determined in 34 new ordinary shares of DMT for 401 ordinary shares of EI Towers.

The exchange ratio has been determined by the competent corporate bodies of EI Towers and DMT on the basis of generally accepted evaluation methodologies.

In order to comply with the exchange ratio, as a consequence of the merger, DMT will increase its share capital up to a maximum amount of Euro 1.695.760,20, through the issuance of up to no. 16.957.602 new ordinary shares with the same characteristics of the outstanding shares. Following the merger, the DMT shares will continue to be listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.

As a consequence of the issuance of the new shares, on the basis of publicly available information and of the communications received, the main shareholders of the company resulting from the merger will hold the following shareholdings:

	Post-merger shareholdings
Elettronica Industriale S.p.A.	60,001%
Alessandro Falciai (directly and indirectly)	14,328%
Lazard Asset Management LLC	3,998%
Octavian Advisors LP	2,406%
Permian Investment Partners LP	2,010%
Flinn Lawrence Jr	0,955%
Barclays Plc	0,813%

The merger plan will be submitted to the approval of the extraordinary shareholders' meetings of EI Towers and DMT within next October. No withdrawal rights will apply to the shareholders of EI Towers and DMT that will not participate to the approval of the merger.

It is expected that, before the shareholders' meetings which will be convened to approve the merger plan, DMT will call an extraordinary shareholders' meeting in order to (i) revoke the proxy granted to the board of directors of DMT on April 27, 2007, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital up to a maximum aggregate par value of Euro 250,000, (ii) revoke the share capital increase resolved on November 13, 2007 by the board of directors of DMT for a par value of Euro 5,000 through the issuance of no. 50,000 ordinary shares to be assigned to the beneficiaries of DMT's stock option plan approved in 2007; (iii) partially revoke the share capital increase resolved by DMT board of directors on October 27, 2008 of up to Euro 5,000 through the issuance of no. 50,000 ordinary shares to be assigned to the beneficiaries of DMT stock option plan approved in 2007; (iv) adopt the amendments to the by-laws resulting from the preceding resolutions and (v) introduce in the by-laws, pursuant to Article 49, second paragraph, of Consob Regulation No. 11971/99, the provision according to which the exemption to the obligation to launch a tender offer as a consequence of a merger or demerger will be precluded only if the majority of the shareholders who vote against the merger or demerger resolution represent at least 7.5% of the share capital with voting rights.



PRESS RELEASE

The time schedule and the corporate process concerning the approval of the merger, as standard practice, are governed by an agreement between DMT and EI Towers which provides, *inter alia*, that Alessandro Falciai will resign, effective from the date of execution of the deed of merger, from the office of Chairman and Managing Director of DMT and that two other directors will resign to allow the appointment by co-optation of new directors, effective as of the date of execution of the deed of merger, and that the remaining directors will resign effective from the first shareholders meeting following the merger effective date expected to be convened before the end of February 2012, for the appointment of the entire new board of directors.

As of today, Elettronica Industriale S.p.A., entirely controlled by Mediaset S.p.A., has entered into a sale and purchase agreement with Millenium Partecipazioni S.r.l., a company controlled by Alessandro Falciai, and with Alessandro Falciai (who is the present reference shareholder of DMT), concerning n. 1,602,694 ordinary shares of DMT post-merger, equal to the 5,671% of its share capital resulting from the merger, for a gross consideration of Euro 44,999,987.26, equal to Euro 28.08 per share, and equal to the evaluation resulting on the basis of the exchange ratio.

The sale and purchase agreement is subject to the completion of the merger. Therefore, as a result of the merger and following the above-mentioned sale and purchase, the shareholdings held by Elettronica Industriale S.p.A. and, directly and indirectly, by Alessandro Falciai will be corresponding to 65,671% and 8,657%.

Condition precedent

The Merger is subject to the following conditions:

- approval of the merger by the extraordinary shareholders' meeting of DMT, without the majority of the shareholders attending to the meeting, other than the shareholder acquiring the shareholding that exceeds the relevant threshold, voting against the resolution, in accordance with article 49 of Consob Regulation No. 11971/99, for purposes of the application of the tender offer exemption consequent to merger transactions;
- release by the competent Antitrust Authority of the unconditioned authorization to the merger pursuant to applicable law.

Merger Timetable

The merger is expected to be approved by the extraordinary shareholders' meetings of EI Towers and DMT by October 2011, and completed by the end of the current year.

The merger plan, the directors' report on the merger plan and the information document will be made available to the public pursuant to terms and conditions provided by law.

In the context of the transaction, EI Towers has been provided with the fairness opinion in relation to the exchange ratio and the consideration for the sale and purchase agreement, issued by Banca IMI S.p.A., and BNP Paribas and Societe Generale CIB have acted as financial advisors.

As for DMT, EQUITA Sim S.p.A. and Numeralia Corporate Finance have provided a *fairness opinion* in relation to the exchange ratio, and Lazard, UniCredit e Vitale e Associati have acted as financial advisors.

As for DMT BLF has acted as legal advisor while as for EI Towers as legal advisor acted Chiomenti.



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