



## CAIRO COMMUNICATION

### PRESS RELEASE

**Milan, Italy**

**5 July 2004**

Following the merger of Telepiù and Stream, Cairo Communication SpA has had ongoing litigation with Sky Italia Srl, since the incorporation of its subsidiary Cairo TV SpA. This company signed a ten-year contract with Telepiù television network on 19 May 1998, giving it the exclusive rights for the sale of advertising time on Telepiù Premium TV channels, on Pay per View events and TV guides. From 30 June 2004, Sky Italia Srl, suspended all advertising sold by Cairo on Sky Sport 1, Calcio Sky and Diretta Gol, which had continued after the sale of the Telepiù companies and also after the launch of the single platform from 31 July 2003.

In response, Cairo's has sought immediate protection from the Court of Milan. This claim was not granted at the initial hearing because the judge felt that the time necessary for the arbitration panel to take the final decision does not jeopardize Cairo's right under aforementioned contract (*periculum in mora*). In the next few days Cairo will present their counter arguments against this measure, the motivation for which does not regard, and thus does not prejudice, the merit of the case put forward by the arbiters.

Revenue from advertising time sales on the Sky channels amounted to €41.5 million over the last twelve months (€8.3 million net of agency discounts and Sky's share), accounting for 29% and 22.4% of the Group's 2003-2004 financial year €141 million total advertising time sales revenues and €185 million total consolidated operating revenues, respectively, including those of its publishing business.

The Group's publishing business is enjoying the extraordinary success of the launch of the "Settimanale Dipiù" magazine of Cairo Editore on 19 April, which posted 10th edition circulation sales of 780,000, increasing its average circulation sales to 730,000 per issue. Results for the first three months have led the Group to forecast a marked increase in sales and advertising revenues for this title, and a corresponding improvement in Group profitability margins. The Group forecasts advertising revenues of €40 million and a profit margin of nearly 20% for its "Settimanale Dipiù" title for the next twelve months.

*Cairo Communication Group is a leading Italian advertising sales and magazine publishing Group, recognized as one of the first to have developed a multimedia sales approach, beginning with print media and expanding later into pay and digital TV and the Internet.*

**For more information, please contact:**

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