



CAIRO COMMUNICATION

PRESS RELEASE

- **THE VOLUNTARY PUBLIC PURCHASE AND EXCHANGE OFFER PROMOTED BY CAIRO COMMUNICATION S.P.A. FOR ALL THE RCS MEDIAGROUP S.P.A. ORDINARY SHARES IS FULLY EFFECTIVE**
- **ALL THE REMAINING CONDITIONS OF EFFECTIVENESS OF THE OFFER HAVE BEEN WAIVED**
- **THE CAPITAL INCREASE TO SERVICE THE OFFER, THE AUTHORISATION OF THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL WITH EXCLUSION OF PRE-EMPTION RIGHT FOR A MAXIMUM AMOUNT OF EURO 70 MILLION AND THE INTRODUCTION OF THE MECHANISM OF THE INCREASED VOTING RIGHT HAVE BEEN RESOLVED**
- **THE TECHNICAL PROCEDURES TO TENDER TO THE OFFER THE RCS SHARES TENDERED TO THE COMPETITIVE OFFER PROMOTED BY INTERNATIONAL MEDIA HOLDING S.P.A. HAVE BEEN ESTABLISHED**

Courtesy translation - the Italian version of this press release prevails in case of discrepancies

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Milan, 18 July 2016 - The Extraordinary Shareholders' Meeting of Cairo Communication resolved on the share capital increase, to be carried out for cash contributions in one or more tranches and which can also be split, with exclusion of the pre-emption right pursuant to Article 2441, paragraph 4, first sentence, of the Civil Code, for a maximum all-inclusive amount of EUR 366,557,945.80, and more precisely for a maximum nominal amount of EUR 5,427,395.53 plus a maximum premium of EUR 361,130,550.27, 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 to be released within 31 December 2016 by the non-cash contribution of the ordinary shares of RCS MediaGroup S.p.A. ("**RCS**") tendered at the terms and conditions of the voluntary public purchase and exchange offer promoted by the Company on all the RCS shares (the "**Offer**").

The proposal to increase the share capital has been resolved with the favourable vote of 99,887% of the share capital present at the Shareholders' Meeting, corresponding to the 78,477% of the Cairo Communication's share capital.

ALL THE REMAINING CONDITIONS OF EFFECTIVENESS OF THE OFFER HAVE BEEN WAIVED; THE PROCEDURES TO TENDER TO THE OFFER THE SHARES TENDERED TO THE COMPETITIVE OFFER HAVE BEEN ESTABLISHED

Cairo Communication announces that Intesa Sanpaolo S.p.A. undertook to restructure - at terms and conditions each of which are not pejorative compared to the corresponding of the Terms and Conditions of the RCS Refinancing - the part of the debt principal referred to the loan agreement of 14 June 2013 related to the institutions that, within the day prior the payment date of the Offer, have expressed their unwillingness to waive the right to demand the early repayment of the debt arising from the loan agreement of 14 June 2013 due to the acquisition of the control of RCS by Cairo Communication.

Therefore, having occurred the circumstance under letter (B), point (2), paragraph A.1.1.(b) of the offer document - as amended with press release issued on 1 July 2016 - Cairo Communication announces to waive to the Financial Condition under letter (b), paragraph A.1.1.(a) of the Offer Document (as amended on 1 July 2016).

With reference to the further Conditions of Effectiveness of the Offer, Cairo Communication also announces to waive the Condition of Effectiveness of the Offer under letter (c), paragraph A.1.1.a of the Offer Document, related to the fact that “*RCS must not carry out acts or operations that can contrast the achievement of the objectives of the Offer, pursuant to Article 104 of the TUF, even if they are authorised by the RCS ordinary or extraordinary shareholders’ meeting*”.

Therefore, taking into account what announced in the press release issued on 8 July 2016 related to the fulfilment of the condition on the approval by AGCM and AGCOM of the acquisition of a controlling stake in RCS by Cairo Communication and in the press release issued this morning with reference to the waiver to the minimum acceptance level condition, **the Offer became fully effective.**

Due to the fact that, as previously announced today, the Offer has prevailed on the competing offer promoted by International Media Holding S.p.A., pursuant to paragraph 7, article 44, of the Consob Regulations no. 11971/1999 (“**Issuers’ Regulations**”), **from 22 July 2016 to 28 July 2016 (inclusive) the RCS shareholders who/which tendered their own shares to the competing offer will be able to tender those shares to the Offer.**

We point out that: (i) only the RCS shares tendered to the competitive offer which, after restitution of the same, have been seamlessly owned by the adhering shareholders until the contribution to the Offer, can be tendered to the Offer pursuant to paragraph 7, article 44 of the Issuers’ Regulation; and (ii) for the purposes of permitting the verification of the legitimacy of the exercise of such right, the RCS shareholders which intend to tender their own shares to the Offer shall deliver to the depositary intermediaries, together with the schedule for the Offer adherence, copy of the schedule attesting that the shares have been tendered to the competing offer promoted by International Media Holding S.p.A.

The payment of the consideration of the Offer (equal to no. 0.18 Cairo Communication shares and Euro 0.25 to be paid in cash for each RCS shares tendered to the Offer) will occur:

- on 22 July 2016, for the RCS shares tendered to the Offer during the acceptance period; and
- on 4 August 2016, for the RCS shares tendered to the Offer from 22 July 2016 to 28 July 2016 (inclusive) from those shareholders who/which have previously adhered to the competing offer.

THE AUTHORISATION TO THE BOARD OF DIRECTOR TO INCREASE THE SHARE CAPITAL WITH THE EXCLUSION OF THE PRE-EMPTION RIGHT HAS BEEN GRANTED

The Extraordinary Shareholders' Meeting resolved to grant the Board of Directors, pursuant to article 2443 of the Civil Code, the powers to increase the share capital, for payment and which can be split into one or more instalments, with the exclusion of the pre-emption right pursuant to second sentence of the paragraph 4, article 2441 of the Civil Code, for a maximum amount of 70 million (including premium). In particular, the share capital could be increased for an amount of ordinary share not exceeding 10% of the number of ordinary shares overall outstanding on the date of the possible exercise of such powers.

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 also to satisfy the financial needs that could ensue from the purchase of the RCS control. To that purpose, the resolution provides that the Board of Directors can exercise such powers within one year from the date of the today's shareholders' meeting.

The timing to exercise such powers, as well as the terms and condition of the possible issues will be communicated to the market pursuant to law and regulations.

The proposal to grant the relevant power to increase the share capital has been resolved with the favourable vote of 99,877% of the share capital present at the Shareholders' Meeting, corresponding to the 78,470% of the Cairo Communication's share capital.

AMENDMENT TO ARTICLES 6, 10 AND 13 OF THE ARTICLES OF ASSOCIATION TO INTRODUCE THE MECHANISM OF THE INCREASED VOTING RIGHT AND TO AMEND THE SHAREHOLDERS' MEETING CALLING PROCEDURE

The Extraordinary Shareholders' Meeting resolved to amend articles 6 and 13 of the articles of association to introduce the mechanism of the increased voting right pursuant to article 127-*quinquies* of Legislative Decree no. 58/98.

In particular, the mechanism of the increased voting right will permit the attribution of two voting rights for each Cairo Communication ordinary share which have been held by the same Company's shareholder for a continuative period of at least 24 months, from the registration in a specific special list, that will be instituted and held by the Company at its registered office.

The procedure to request the registration in the special list and all other information related to the mechanism of the increased voting right will be available on the Company's website

(www.cairocommunication.it, Section *Corporate Governance*/Increased Voting Right) from the date of effectiveness of the amendment to the articles of association.

Lastly, the Extraordinary Shareholders' Meeting resolved to amend article 10.3 of the articles of association to delete, among others, the publication of the call of notice for the shareholders' meeting on the Italian Republic Official Journal and to provide that the call of notice for the shareholders' meeting is published according to the procedures provided by laws or regulations in force.

The proposal to amend the article of association has been resolved with the favourable vote of 97,259% of the share capital present at the Shareholders' Meeting, corresponding to the 76,289% of the Cairo Communication's share capital.

The Cairo Communication Group is one of the leader in the weekly publishing, television and advertising sectors, where it has developed among the first a multimedia sale approach starting from the printed magazines sectors, to reach the commercial, digital, pay television and Internet.

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The press release is also available on the company's website www.cairocommunication.it.