



CAIROCOMMUNICATION

Press release: Cairo Network submits the economic terms of its bid for the grant of rights to use frequencies of the TV spectrum for digital television broadcasting

Milan, 16 June 2014 - Cairo Communication informs that, on 13 June 2014, its subsidiary Cairo Network S.r.l. submitted to the Ministry for the Economic Development the economic terms of its binding offer for the grant of the right to use - for a period of 20 years - a block of frequencies of the TV spectrum for digital television broadcasting belonging to the Multiplex indicated as "Lotto 3" (the "Mux").

Pursuant to the rules of the tender and the communication of admission to bid, the economic terms of the offer presented by Cairo Network S.r.l. will be disclosed in a public session scheduled for 25 June 2014.

Cairo Communication also informs that, on 13 June 2014, its subsidiary Cairo Network S.r.l. executed with EI Towers S.p.A. ("EIT") a Term Sheet of the agreements for the set up and for the long-term, full-service technical management (housing, operation and maintenance, use of the transmission infrastructure, etc.) of the network for the Mux. The execution of the agreements provided under the Term Sheet is conditional upon the grant by the Ministry for the Economic Development of the right of use of the Mux.

According to the Term Sheet, the agreements with EIT shall provide for:

- a guaranteed coverage, upon achievement of full operational service, of more than 94% of the population, in line with the national MUXs which grant the highest level of coverage;
- for the initial phase (2015-2017), during which the network will be set up, put in operations and operated for the initial phase, an overall fee payable to EIT for all three years period of about EUR 14 Million, including the rent of the transmitters;
- starting from 2018, a fee payable to EIT equal to EUR 18.3 Million/year, including the rent of the transmitters;
- starting from 2018, an annual charge from EIT to Cairo Network S.r.l., varying between EUR 0 to EUR 4 Million in the event the available bandwidth of the Mux is not fully exploited by Cairo Network S.r.l.;
- the right of Cairo Network S.r.l. to freely terminate the agreements starting from 1 January 2015.

The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazine and expanding later into free, digital and pay TV and the Internet.

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This press release is also available on the Company's website www.cairocommunication.it

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