



CAIROCOMMUNICATION

Press Release

ARBITRATION PROCEEDINGS BETWEEN CAIRO COMMUNICATION & SKY ITALIA AND CAIRO COMMUNICATION & TELEPIÙ'

Milan, 2 June 2005: Cairo Communication cannot comment the article on page 16 of the Il Sole 24 Ore 2 June 2005 edition, as Cairo has no knowledge of any arbitration award issued by the Panel of Arbitrators in which Prof. Riccardo Luzzatto acts as chairman, given that its legal advisors have not yet received the required legal notification.

Cairo also notes that many of the details of the said article are not true. In particular, the article implies that there is only an arbitration proceeding between Cairo and Sky Italia, while another arbitration proceeding, between Cairo and Telepiù is currently underway. Thus, Cairo is party of both:

- the first, to which the aforementioned article makes reference, is against Sky Italia and relates to the advertising contract entered by and between Telepiù to Cairo (interrupted by Telepiù / Sky since June 2004). In this proceeding, Cairo asked that its right to the continuation of the contract for at least ten years is recognized, even though Sky has acquired control of the Telepiù group and the company operations are now under the control of Sky. Cairo has not made any specific request for damages in this arbitration proceeding.
- the second is entrusted to a Panel of Arbitrators, under the chairmanship of Prof. Raffaele Nobili. Prof. Guido Rossi is the arbitrator of this Panel appointed by Cairo. This arbitration is dealing with the dispute raised in connection with the contract between Telepiù and Cairo. This proceeding commenced in June 2004, when Telepiù / Sky ceased to perform its ten-year advertising contract. Six years after the execution of the contract Telepiù - for the first time - raised claims (from Cairo's point of view not grounded) that Cairo was in breach of contract. Such claims were raised after that Telepiù made the business transfer to Sky which made the contract impossible to be performed. In the arbitration proceeding Cairo asked compensation for loss of profits, actual damages and damage to its commercial reputation. According to Cairo Telepiù was in breach of contract with regard to the obligation to comply with the contract also in case of change of control, in relation the obligation to comply with the contract for the duration of ten years and because the business transfer to Sky triggered the impossibility to perform the contract.

This second arbitration proceeding is currently underway. Thus, the situation remains fully unresolved at this time.

Cairo Communication Group is a leading Italian advertising sales and magazine publishing Group, recognised 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. They have recently entered the telephone directory market.

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