AGREEMENT SIGNED FOR THE ACQUISITION OF MEDUSA
MEDIASET BETS ON ITALIAN CINEMA
AFTER ENDEMOL, ANOTHER STEP TOWARDS GREATER CONTROL OF CONTENT

Renewed top management at Medusa:
Carlo Rossella, chairman, Giampaolo Letta, MD

Mediaset S.p.a. has reached an agreement with Fininvest S.p.A. to buy 100% of the share capital of the Medusa Group. The closing of the operation is expected to take place on 16 July 2007. Fininvest S.p.A. has a 35.97% stake in Mediaset S.p.A. and owns 100% of the Medusa Group.

The value of the operation for Mediaset
The acquisition of Medusa, national leader in film production and distribution, is for Mediaset an operation of strategic significance that will:
• reinforce the company’s position in the content area (following the recent Endemol operation) focused production and the exploitation of film rights which are a primary resource across all platforms;
• allow direct and growing involvement in the production of Italian cinema, a relevant feature of the scheduling requirements of the Mediaset Group’s channels, which thanks to recent investments will translate into growth across the entire sector and support the cultural value of national production;
• generate further diversification into areas adjoining its “core business” (theatrical management, home video)

The nature of the agreement
The price for the operation, which is of €152 million, has been calculated on the basis of the net assets of the Medusa Group at 31/12/2006. In the form of an integration of the price, Mediaset S.p.A. has promised to pay to Fininvest S.p.A. a balance of up to a maximum of €18 million, to be related to box office receipts from films distributed in the 2007-2008 seasons.
In support of the resolutions made by Mediaset’s boards regarding the operation, the investment bank Lehman Brothers International has determined that the price is in line with market values.

**What is the Medusa Group**
The Medusa Group operates in the production and distribution of Italian and international films, cinema management, the development of multiplex complexes and home entertainment.
The main companies of the Medusa Group are the parent company Medusa Film and the companies Medusa Cinema, Medusa Multicinema and Medusa Video, all of which are wholly-owned subsidiaries.

- **Medusa Film** is engaged in film production (investments in Italian cinema production amounts to around €65 million) and the distribution of films and rights for theatrical release, free-to-air television, pay-TV and pay-per-view. In the distribution sector, in 2006, Medusa came overall second and was the top Italian company with a market share of 13% (in 2005 it was in the fourth and second places respectively, with a market share of 10.3%). In the current season, which began on 1/12/2006, Medusa is the overall leading distribution company with a market share of around 18%.

- **Medusa Cinema** and **Medusa Multicinema** are among the biggest cinema operators in the Italian market in terms of tickets sold and the number of screens (with a network that covers Italy’s most important cities, above all in the north of the country). The companies currently run 101 screens, of which 100 are in multiplex complexes and one in a traditional theatre.

- **Medusa Video** operates in the home entertainment sector, where it is among the leading Italian players in the distribution of films, documentaries, cartoons, and TV programmes on videocassette and DVD.

**Business results and assets of the Medusa Group**
Here are the financial highlights of the Medusa Group for the year to 31 December 2006:

- the Medusa Group’s consolidated net assets at 31/12/2006 amounted to €152 million
- net revenues: €195.5 million (+18.3% on 2005)
- operating profit was up compared with 2005: from -€3.0 to +€16.8 million
- net profit was up compared with 2005: from -€4.6 to +€6.7 million
- the consolidated net financial position was up on 2005: from -€85.7 to -€55.0 million
New top management
In view of the announced resignation of the board of directors of the Medusa Group, that will be formalised before the closing of the operation, Mediaset’s executive committee, which met today, has drawn up the new top management for the company.

Carlo Rossella, who will step down as editor of TG5, has been nominated to take over as chairman. Rossella, after an extraordinary journalistic career which has seen him as the editor of national daily newspapers, newsmagazines and TV news programmes, has the ideal experience and authority to be the chairman of a company like Medusa that is engaged, at a national and international level, in editorial and cultural activities.

Giampaolo Letta has been confirmed in his role as deputy chairman and managing director and will guarantee great experience and continuity in the management of the various aspects of film production and distribution.

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