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Board of directors approves 2005-2013 business plan

**EUR 3 billion of investments in order to reach 30million Italians**

*Milano, 14 January 2005* - The Board of Directors of FASTWEB S.p.A. (Milano, Nuovo Mercato: FWB), the leading Italian broadband service provider, has approved today the new 2005-2013 business plan, kicking off a new expansion phase which accelerates Fastweb's broadband network expansion, enabling it to reach approximately half of the Italian population by 2006.

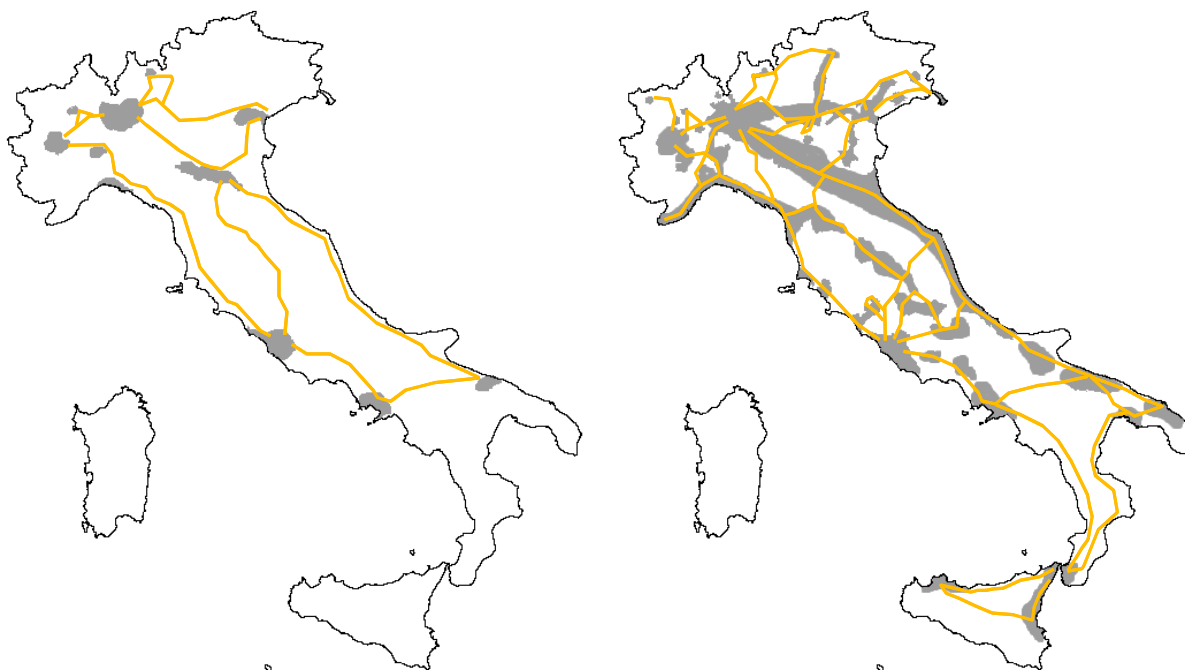
The success of FASTWEB's business model shown by results that have been consistently above target, the strong development that the Italian broadband market is undergoing, combined with a favorable competitive environment, represent a unique strategic growth opportunity that FASTWEB would like to exploit, in particular taking into account better than expected 2004 results.

At the end of 2004, Italian broadband customers exceeded 4 million, compared to 2.5million in 2003; further growth is expected in 2005, and is expected to continue over the next few years.

Telecom Italia, ADSL service available for almost the entire Italian population, provides services to 2/3 of the addressable broadband market. Other carriers that operate *wholesale*, with a coverage level that is in line with the *incumbent*, do not have significant penetration levels. FASTWEB is the main competitor of Telecom Italia; FASTWEB, together with Telecom Italia, is the leader in the geographic areas covered by its network (18% of Italian population), yet generates up to 3 times higher average revenues per user than the *incumbent*. As a result of the above, we have taken the decision to expand our network and expect to replicate our success in the areas currently covered.



### **Growth in FASTWEB's geographical coverage**



**Coverage as at 2004**

**Coverage as at 2006**

The proposed geographical coverage will also allow FASTWEB to put in place an efficient national advertising campaign, thus reducing the subscriber acquisition costs.

The business plan approved today forecasts Eur2.8bn of investments by 2010, allowing FASTWEB to improve its previous targets:

- 2.2 m customers (1.5 m in previous plan);
- Eur2.4bn of revenues, (approximately +20%);
- Eur1.2bn of EBITDA, (approximately +20%), confirming approximately 50% EBITDA margin.



FASTWEB expects the growth phase to continue over the course of the next few years, albeit gradually, reaching 2.4m customers, Eur2.8bn of revenues and Eur1.4bn of EBITDA in 2013.

“In approving this plan – the CEO Stefano Parisi stated– we have decided to target organic growth, with the objective of reaching 30m Italians by the end of 2006. This decision has been taken with the aim of accelerating geographic expansion, following the assessment of a Wind integration, as an alternative growth option. The integration option has been discarded given Wind’s shareholder’s expectations which we were unable to come to an agreement on”.

FASTWEB’s net income breakeven target is now expected in 2006, despite the increase in operating costs and depreciation relating to network expansion, representing a delay of only 1 year versus the original plan.

The acceleration of the business plan in order to take advantage of the market opportunity, requires further financial resources that will be raised by way of a rights issue, for an amount aimed at raising up to Euro 800 million, based on the nominal value per share and the share premium. The rights issue will be wholly underwritten by Deutsche Bank. These funds will cover the financial requirements of the proposed 2 year expansion phase, with the objective of generating higher cash flows than previously forecast, thus potentially increasing dividend distribution capacity. The rights issue price will be fixed prior to the time of the launch of the issue, taking into account the minimum price which will be determined by the Shareholders’ meeting based on the proposal made by the Board of Directors prior to such meeting.

“Our results until today – commented Silvio Scaglia, FASTWEB chairman and founder -, our business model and our choice of innovative technologies have proved successful and have become a worldwide benchmark. We now intend to replicate our success on a domestic scale in order to become the second fixed line operator in Italy”.



The detailed presentation of the business plan is available on FASTWEB's website  
<http://company.fastweb.it/>

*For further information:*

Giovanna Guzzetti - Paola Maini  
Ufficio Stampa  
T: 02 4545 2360/2465  
F: 02 4545 2366  
[giovanna.guzzetti@fastweb.it](mailto:giovanna.guzzetti@fastweb.it)  
[paola.maini@fastweb.it](mailto:paola.maini@fastweb.it)

Paolo Lesbo  
Analisti e Investitori  
T: 02 4545 4308  
F: 02 4545 2333  
[paolo.lesbo@fastweb.it](mailto:paolo.lesbo@fastweb.it)

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