

The company comments on the WSJE article negatively affecting its reputation

e.Biscom clarifies its position regarding infeasible rights of use (IRU) transactions

Milan, 29 July 2004 – e.Biscom Group (Milan, Nuovo Mercato: EBI), as commonly occurs in the telecom sector, enters into IRU (Infeasible Rights of Use) sale and acquisition transactions on cable pipelines and fiber optics. In response to the article in today's Wall Street Journal Europe, the company states that it provides a misleading picture regarding such transactions. Despite full evidence being provided, the article does not mention that the accounting treatment adopted by e.Biscom is fully compliant to current principles and is applied by other major European telecom operators. Incidentally, the article also follows short-selling activities by an American hedge fund on e.Biscom's shares over the last weeks. The company will promptly inform Consob (the Italian Stock Exchange Commission) and any other relevant authorities with regards to this matter.

e.Biscom was founded in 1999 on the foresighted vision to integrate voice, unlimited data transmission capacity, Internet, video and TV services over a single connection for both business and residential customers. In order to timely and cost-efficiently implement its world-unique business model, the company acquires, where available, rights of use on certain tracts from other operators, along with deploying a proprietary fiber optic network.

On the other hand, e.Biscom sells rights of use on tracts of its own network to other operators. Such sources of revenues, although not core for e.Biscom's business, enable it to further increase the return on the significant investments related to its infrastructure deployment.

All such agreements transfer all risks and rewards of ownership, have immediate execution, are based on cash consideration and have a duration comparable to the economical and technical life of the asset. On this basis, IRU transactions are accounted for as fixed assets when acquired and as revenues when sold. Such treatment, which is compliant with relevant Italian accounting principles, is disclosed in the company's annual report.

IRU sales

The company sells indefeasible right of use on dark fiber laid in its infrastructure to other operators (Vodafone Italia amongst others) aiming to extend their network.

As such agreements are equivalent to outright sales and do not imply the provision of any service, revenues from the concession of IRUs are recognized upon transfer of the underlying right which corresponds to acceptance by the customer.

In order to sell such indefeasible right of use, e.Biscom puts in place additional fiber whose cost directly hits the Income Statement for the year. The direct margin of such transactions tends to be between 60% and 80%.

Here below are the relevant figures for the fiscal years 2001-2003 and the 1st quarter 2004.

	Revenues Euro Mil	% over total FastWeb revenues
1Q 2004	11.5	7
FY 2003	36.8	8
FY 2002	25.5	12
FY 2001	13.6	19

IRU acquisition

Where available, e.Biscom buys IRUs from parts of other operators' networks in order to extend its infrastructure with both lower costs and a faster deployment rate compared to those required for digging and laying fiber optics directly.

All of the infrastructure bought by e.Biscom through IRU contracts is functional to the core operating activity of the Group, is utilized and generates economic benefits otherwise unobtainable.

The acquired rights are included under fixed assets and are depreciated over the duration of the contracts.

Here below are the relevant figures for the fiscal years 2001-2003 and the 1st quarter 2004 that also include those related to Telecom Italia's Socrate ducts, to which e.Biscom has had access since July 2001.

	Capex Euro Mil	% over total FastWeb capex
1Q 2004	6.7	7
FY 2003	47.9	11
FY 2002	73.7	13
FY 2001	36.3	8

e.Biscom does not pursue a policy of entering into IRU swap agreements with other operators and confirms that the above mentioned transactions are separate contracts exclusively based on industrial rationale.

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