

PRESS RELEASE

TELECOM ITALIA AND FASTWEB SIGN INDUSTRIAL AGREEMENT FOR NEW GENERATION NETWORK INFRASTRUCTURE

Both companies will provide reciprocal access to their respective network infrastructure to facilitate faster development of the New Generation Network

Rome, 23 June 2008

The agreement between Telecom Italia and Fastweb is industrial in nature and aimed at the sharing of infrastructure necessary for the realization of the New Generation Network, applying a model of cooperation open to all interested operators.

In a Memorandum of Understanding signed by Oscar Cicchetti, head of Telecom Italia's Domestic Market Operations division, and Stefano Parisi, chief executive of FASTWEB, the two companies commit to cooperate as follows:

- Joint planning for the realization of civil infrastructure facilitating cable laying for the development of respective fibre optic networks - for example cable ducts along roads – to favour the development of new generation networks while eliminating further infrastructure duplication.
- The exchange, under reciprocal conditions, of rights to use civil infrastructure.
- Joint study and testing of innovative techniques in civil infrastructure, such as the use of latest generation micro-tubing for laying optical fibre.

Thanks to this innovative agreement, Telecom Italia and Fastweb will cooperate in the development of network infrastructure with an eye to accelerating the process and rationalizing costs.

With regard to the report that appeared in the Italian press on 21 June 2008, Fastweb and Telecom Italia wish to make it clear that they did not discuss, let alone sign, a “1.7 billion euro super-agreement”. However, in a renewed spirit of cooperation, they have reconciled a number of legal and regulatory claims which they had been disputing for some time.

The matters resolved included:

- Fastweb's damages claim against Telecom Italia for alleged unfair behaviour in the business customer segment (following the Competition Authority's procedure A 351);
- Telecom Italia's contesting of Fastweb's adjudication of the Consip tender (to supply telephone services to the public administration).
- the reconciliation of a number of accounts items which the two parties had been disputing.

The resolution does not include matters related to Fastweb's legal action against Telecom Italia in the area of win-backs (now subject of an Anti-trust investigation begun in October 2007)

The economic effects of the resolution for Telecom Italia will be fully covered by dedicated risk provisions already set aside in the 2007 accounts.

"We are committed to building a new generation network", said Oscar Cicchetti. "It is a project of great importance for our customers, the market and the country, which does not want to see resources wasted or pointless duplication of infrastructure, but does want to move quickly. The agreement with Fastweb goes in this direction. Our hope is that this model of cooperation will be pursued by other operators too".

Stefano Parisi said "This is a very important and highly innovative agreement for the telecommunications industry. For the first time, we are seeing cooperation in infrastructure and know-how which will accelerate the spread of broad band across the country. It is a European 'first' which demonstrates the positive results of competition between infrastructure operators and Italy's specific success".

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