



Telecom Italia's Undertakings

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[The only legally binding version is the Italian one]

Telecom Italia's Undertakings

Premises

Objectives

The present Undertakings ("Undertakings") offered by Telecom Italia S.p.A. ("Telecom") are intended to supplement and strengthen the rules set forth by Authority Decision No. 152/02/CONS and the current regulatory framework on both technical and economical equal treatment with respect to the production processes of wholesale access services by Telecom's Open Access function ("Open Access"), to guarantee transparency on technical plans for the improvement of service quality and the development of the fixed access network, as well as to promote the development of new generation access infrastructures in order to ensure the creation of an open network. Overall, the Undertakings pursue four main goals:

- (a) to offer additional guarantees of equal treatment between Telecom's commercial functions and other electronic communications operators that purchase wholesale access services from Telecom ("Operators");
- (b) to provide benefits to Operators and final users, through the qualitative development and improvement of the fixed access network and of related services;
- (c) to make the evolution of Telecom's fixed access network more transparent for the Operators;
- (d) to ensure the maintaining of competitive conditions in the migration towards new generation networks.

SMP and Co-location Services

For the purposes of these Undertakings, "SMP Services" means:

- (i) wholesale access services to the fixed network included in the list provided below that, according to the decisions concerning market analysis adopted by the Authority pursuant to Law Decree of August 1, 2003, No. 259 ("Electronic Communications Code"), Telecom must supply to Operators under regulated terms and conditions, because of its significant market power ("SMP") in markets Nos. 11, 12 and 13 of the European Commission Recommendation No. 2003/311/EC;
- (ii) wholesale line rental ("WLR") service that Telecom must provide, in accordance with Authority Decision No. 33/06/CONS, in markets Nos. 1 and 2 of the cited European Commission Recommendation No. 2003/311/EC.

SMP Services include, only and exclusively, the following services.

1. “SMP Services within market No. 11”, provided pursuant to “Telecom’s Reference Interconnection Offer (RIO) for wholesale unbundled access to metallic networks and sub-networks”, i.e.:
 - a) full unbundling access services to the local metallic network, on active or inactive copper pairs, supplied through:
 - one symmetrical copper pair for ISDN BRA, POTS, ADSL, SHDSL and VDSL;
 - two symmetrical copper pairs for HDSL and ISDN PRA;
 - two symmetrical copper pairs for DECT systems;
 - b) *data unbundling* services, on active or inactive copper pairs, supplied through a symmetrical ADSL copper pair;
 - c) *virtual unbundling* services;
 - d) digital data transmission services (so-called *digital channel*);
 - e) sub-loop unbundling access services to the local metallic sub-network, on active or inactive copper pairs, supplied through a symmetrical copper pair suitable for VDSL;
 - f) shared access services (“SA”), i.e. services provided at the local metallic network level, supplied through a symmetrical copper pair suitable for ADSL.

In Telecom’s reference offer (“RO”), all SPM Services within market No. 11 are governed by a Service Level Agreement (“SLA”), which sets forth the conditions for the supply of the service. For full unbundling and *data unbundling* services, better supply conditions are available for assurance services (“SLA plus”).

2. “SMP Services within market No.12”, provided pursuant to “Telecom’s Reference Interconnection Offer (RIO) for bitstream services and relative ancillary services”, i.e.:
 - (a) bitstream access services with interconnection to parent or distant ATM nodes or to remote IP node¹, supplied through:
 - asymmetrical ADSL bitstream access lines, shared or dedicated (naked ADSL);
 - symmetrical SHDSL and HDSL bitstream access lines²;
 - SDH bitstream access lines (symmetrical on optical fiber);
 - backhaul band (VP/VC), with
 - ATM ABR class of service (shared band VP and dedicated band VC);

¹ The interconnection at the ATM distant node, provided pursuant to the RO, ensures commercial economic conditions for the supply of the ATM transport service between parent and distant nodes. Similarly, the interconnection at the IP node, provided pursuant to the RO, ensures technical and economic conditions on a commercial basis for the supply of conversion and delivery services at the IP level.

² Due to technological evolution and the availability of related equipment on the market, HDSL access technology is, in principle, no longer used for new activations (“Telecom Italia’s 2008 Reference Offer: *Bitstream Services*”, p. 40).

- ATM VBR-RT class of service (dedicated band VC);
 - ATM CBR class of service (dedicated band VC);
- (b) bitstream access services with interconnection to ATM DSLAM, available on remote exchanges equipped with Telecom's ATM DSLAM equipments but not opened to full unbundling and shared access services, supplied through ADSL or SHDSL access pairs (the latter are SMP Services within market No. 11) and ATM DSLAM components dedicated to the Operator;
- (c) bitstream access services with interconnection to parent or distant Ethernet nodes or to remote IP node ³, supplied through:
- asymmetrical bitstream ADSL access lines, shared or dedicated (naked ADSL);
 - backhaul band (VLAN), with
 - VLAN with class of service CoS = 0;
 - VLAN with class of service CoS = 1;
- (d) bitstream access services with interconnection to Ethernet DSLAM, available on remote exchanges equipped with Telecom's DSLAM Ethernet equipments but not opened to full unbundling and shared access services, supplied through:
- ADSL access copper pairs (which are SMP Services within market No.11) and DSLAM Ethernet components dedicated to the Operator;
 - Asymmetrical bitstream ADSL access lines, shared or dedicated (naked ADSL).

In the relevant RO, all SPM Services within market No. 12 are governed by SLAs. For all access lines on ATM, Ethernet and IP platforms, SLAs plus are available for provisioning and assurance services.

3. "SMP Services within market No. 13", provided pursuant to *"Telecom's Reference Interconnection Offer for dedicated-capacity transmission services (terminating circuits)"*, the *"Partial Circuits Offer"* and the *"Wholesale Leased Lines Offer"*, i.e.:

- (a) analog terminating circuits between the handover point of Telecom's transmission network and the equipment located at the Operator's end user's premise, including connections with 2-wire or 4-wire analog interface at standard quality (recommendation ITU-T M.1040) or at special quality (recommendation ITU-T M.1020);
- (b) digital terminating circuits with speeds between 1.2 Kbit/s and 2.5 Gbit/s, between the handover point of Telecom's transmission network and the equipment located at the Operator's end user's premise⁴;

³ The interconnection at the Ethernet distant node, provided pursuant to the RO, ensures commercial economic conditions for the supply of the Ethernet transport service between parent and distant nodes. Similarly, the interconnection at the IP node, provided pursuant to the RO, ensures technical and economic conditions on a commercial basis for the supply of conversion and delivery services at the IP level.

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- (c) analog and digital multipoint connections with speeds up to 19.2 Kbit/s, between the handover point of Telecom's transmission network and two or more equipments located at the Operator's end user's premise;
 - (d) partial circuits with speeds between 64Kbit/s and 155Mbit/s within the telephone district, between the Operator's node and the equipment located at the Operator's end user's premise;
 - (e) analog leased lines (so-called CDA), between the Operator's node and the equipment located at the Operator's end user's premise, including connections with 2-wire or 4-wire analog interface at standard quality (recommendation ITU-T M.1040) or at special quality (recommendation ITU-T M.1020);
 - (f) digital leased lines with speeds between 1.2 Kbit/s and 2.5 Gbit/s, between the Operator's node and the equipment located at the Operator's end user's premise;
 - (g) analog and digital multipoint connections with speeds up to 19.2 Kbit/s, between the Operator's node and two or more equipments located at the Operator's end user's premise;
 - (h) dedicated virtual private network (so-called RPVD) up to 2Mbit/s, composed of terminating connections between three or more premises of the Operator's end users with speeds 64Kbit/s, Nx64Kbit/s up to 2048Kbit/s and by transmission links between the same premises with speeds 64Kbit/s, Nx64Kbit/s up to 768Kbit/s;
 - (i) high capacity RPVD extending the network of point (h) above to high speed connections (2 Mbit/s, 34 Mbit/s, 155 Mbit/s, 622 Mbit/s and 2,5 Gbit/s) providing the definition and configuration of the network's terminating points and of the connections by the Operators.
4. "WLR Service", provided pursuant to "*Telecom's Reference Interconnection Offer (RIO) for the Wholesale Line Rental (WLR)*", i.e., wholesale supply of the basic telephone service (POTS) and advanced telephone service (ISDN), associated with the periodic subscription charge paid by residential and non-residential customers using Telecom's public telephone network and supplied through:
- active lines (Telecom's local access network lines already used by an end user) and inactive but installed lines (Telecom's local access network lines, installed but not used by any end user), which are connected to Telecom's public telephone network and relating to POTS and ISDN users;
 - inactive lines to be installed and connected to Telecom's public telephone network, related to POTS and ISDN users.

For the sake of clarity, for the purposes of these Undertakings, electronic communications products and services offered by Telecom but not included in the list above do not fall within the SMP Services.

⁴ The access component of the terminating circuits is copper-based up to 2 Mbit/s and optical fiber-based for higher speeds.

For the purposes of these Undertakings, “Co-location Services” means services for the supply to Operators of technologically equipped areas for the connection of physical links and the installation of frames that accommodate equipments and cables, which are governed by Telecom’s “Co-location Services Offer”, provided for under current regulation with respect to the supply of SPM Services within market No. 11.

The Undertakings’ structure

These Undertakings are divided into groups numbered from 1 to 14 (“Groups of Undertakings”) and some ancillary provisions.

Groups of Undertakings Nos. 1-10 concern the regulatory proceedings initiated by Authority Decisions Nos. 626/07/CONS, 133/08/CONS, 145/08/CONS, 183/08/CONS and 184/08/CONS. However, they also impact on the conducts that are the subject matter of infringement proceedings initiated by Authority Decisions Nos. 4/07/DIR, 1/08/DIR, 2/08/DIR, 63/07/DIT, 2/08/DIT, 3/08/DIT and 7/08/DIT.

Groups of Undertakings Nos. 11-14 concern the above-mentioned infringement proceedings, but also benefit competition.

Points Nos. 15-17 of the Undertakings specify the conditions governing the variation, expiry, limitation of effectiveness and modulation of the effects of the Undertakings. These points also include provisions that are relevant for all the proceedings related to the Undertakings.

These present premises are part of the Undertakings.

1. **Group of Undertakings No. 1:** introduction of: (i) a new delivery process for SMP Services; (ii) additional procedures for the management of Co-location Services; (iii) new systems for the management of wholesale users.

New delivery process for SMP services

- 1.1 Telecom shall set up a new single delivery process ("New Delivery Process"), aimed at (i) providing additional guarantees of efficiency and transparency to improve internal/external equal treatment in the production and provision of SMP Services; (ii) enhance the quality of services offered to end users and to the Operators that purchase SMP Services from the Wholesale function. It is understood and agreed that, as under current supply processes, the New Delivery Process shall manage activation, termination, variation and migration of SMP services, with no distinctions between orders coming from the Operators and from Telecom's commercial functions.
- 1.2 In the New Delivery Process, the orders for SMP Services coming from Telecom's commercial functions and from the Operators shall continue to be processed on a first come first served basis and shall be managed by kind of service, requested quality level and technical difficulty of the intervention.
- 1.3 For the purposes of 1.2, the following additional fields, to be filled in by the applicant Operator, shall be added to the record tracks of SMP Services orders submitted through the New Delivery Process's support systems:
 - 1.3.1 "*Quality Code for the Operator's clients*", which shall identify the quality level chosen at the time of the order;
 - 1.3.2 "*Delivery Needs Code*", which shall identify special delivery needs, if any, with respect to each client;
 - 1.3.3 "*Expected date of intervention*", which shall identify the date in which the Operator requires the intervention of network technicians. The Operator may: (i) fill in this field when placing an order or after the order is suspended because the client could not be reached; (ii) provide additional instructions to allow the delivery (alternative addresses or other) and prevent repetition or canceling of the order. Telecom shall use this field to confirm and/or modify the requested date and to plan the intervention of network technicians in accordance with the overall objective of improving the interaction with the network and customer assistance functions of the Operators.
- 1.4 The New Delivery Process and the related support systems shall provide Operators with the possibility to constantly check on the status of their orders and to access, at least, the following information:
 - 1.4.1 expected date of technical intervention at the final user premises, including possible amendments thereto;
 - 1.4.2 failed attempts to reach the final user, if any;
 - 1.4.3 technical information on services provided.
- 1.5 Upon request by the Operator, any orders for the SMP Services listed below shall be held in a single-queue waiting list, in the event that the requested resources are not

available on Telecom's fixed access network. In the single-queue waiting list, the orders shall be processed whenever resources become available, according to the priority acquired pursuant to 1.2, without the need of an additional request or confirmation by Operators. The single-queue waiting list shall apply to all SMP Services that require new resources of the distribution or junction network, i.e.:

- a) WLR on inactive line;
- b) full unbundling (LLU) on inactive line;
- c) *data unbundling* (data LLU) on inactive line;
- d) naked asymmetrical bitstream;
- e) symmetrical bitstream;
- f) terminating circuit (partial circuit, leased line).

1.6 Telecom shall set up an advisory working group with the interested Operators in order to jointly analyze the procedures and implementation criteria of the New Delivery Process. In particular, the working group shall focus on the following:

- 1.6.1 the values to be assigned to the codes referred to at 1.3.1 and 1.3.2;
- 1.6.2 the priority criteria to be adopted within the New Delivery Process with respect to the flexibility elements referred to at 1.2 and 1.3;
- 1.6.3 information to be shared between Telecom and the Operators in order to coordinate the New Delivery Process;
- 1.6.4 the procedures and relevant information for the checks by Operators on the status of their orders, pursuant to 1.4.

The working group's activities shall initiate within a month from the approval of the Undertakings and shall be concluded within two months from the first meeting date.

Additional procedures for the management of Co-location Services

1.7 With respect to Co-location Services, Telecom:

- 1.7.1 shall set up analysis and planning procedures for the identification of new resources, in the event of saturation of the existing resources;
- 1.7.2 shall set up a database on available areas in the local exchanges according to Telecom plans, in addition to the already known and listed areas located within the Operators' dedicated rooms. This database (called "*available areas DB*") is in addition to the one provided under current regulations (called "*co-location DB*");
- 1.7.3 shall introduce a new commercial offer for the setting up and/or enlargement fees, in addition to those included in Telecom's "*Co-location Services Offer*", with respect to co-location sites requiring interventions that cost up to € 27,500 for virtual co-location services or up to € 75,000 for physical co-location services. The new offer shall include a list of one-time flat fees, corresponding to specific planning needs of the Operators and set on the basis of regulatory accounting and of the historical average cost of basic site organization activities.

1.7.4 shall set up quarterly reports on the quality of supplies relating to co-location sites, including relevant information and, in particular, at least those concerning access authorizations, cleaning, maintenance and guide services.

New systems for the handling of wholesale users

1.8 In order to (i) improve assistance and the quality of services provided to the Operators and (ii) enhance transparency on the status of the fixed access network, Telecom shall set up:

1.8.1 a new single system for customer relationship management to manage technical and commercial relationships between the Operators and the Wholesale function, with respect to the supply of SMP Services and Co-location Services ("CRM Wholesale System");

1.8.2 a new wholesale internet portal allowing for better interaction between Telecom and the Operators ("Wholesale Portal").

1.9 The CRM Wholesale System shall provide in one single environment all of the existing functions of the various technical-commercial systems ("*Pitagora*") relating to SMP Services.

1.10 The CRM Wholesale System shall use IT technologies that allow the development of new functions through data configuration, thus reducing the need for dedicated software.

1.11 The CRM Wholesale System shall be integrated with the support systems used for the New Delivery Process and for Open Access's assurance activities as well as with the databases of Open Access and of the Network function. The CRM Wholesale System shall allow access, through a single integrated environment, to the information concerning services and network elements used by the Operators or potentially relevant for the supply of SMP services and Co-location Services.

1.12 In addition to the current communication features offered by "*Pitagora*" systems, the Wholesale Portal shall employ typical B2B "*xml*" communication protocols with "*xsd* standard" masks.

1.13 Within the CRM Wholesale System and the Wholesale Portal, Telecom shall introduce the following new features for the Operators:

1.13.1 The so called "Pre-Selling Analysis", which allows the Operators to check on-line in advance the availability of the necessary access resources when they have preliminary commercial contacts and before concluding a contract with the end customer;

1.13.2 The "Delivery Support" that allows for a better cooperation between Open Access and the Operators in the coordination of delivery activities, by granting Open Access the possibility to communicate information to the Operators concerning the status of orders (including the expected date for the technical intervention and possible delays, if any, caused by the client) and to receive specific instructions, if any, by the Operators;

1.13.3 the "Data Warehouse KO" that collects rejection reports and a description of the causes thereof, which have been sent to the Operators at least within the

two previous years with respect to requests for SMP Services. The Data Warehouse KO shall carry appropriate reporting and statistic analysis tools in order to allow for joint analysis by Telecom and the Operators.

1.13.4 the “Reporting Assurance”, that will enable the Operators, through the Wholesale Portal, to draw and analyze data on the quality levels of the assurance activities relating to SMP services;

1.13.5 the “Support to Co-location Services”, that shall grant the Operators (i) on-line access to the new “*available areas DB*” referred to at 1.7.2; and (ii) on-line access to the current “*feasibility studies*” database, in order to exchange information with Telecom as concerns planning of the best project solutions and monitoring the realization progresses.

1.14 Telecom shall set up an advisory working group with interested Operators in order to jointly analyze the procedures and implementation criteria of the new features at 1.13. The working group’s activities shall initiate within a month from the approval of the Undertakings and shall be concluded within two months from the first meeting date.

Adjustment of reference offers

1.15 With the Authority’s approval and according to current regulations, Telecom shall timely adjust SLAs, SLAs plus, price lists and operating manuals of the SMP Services of the relevant reference offers, insofar as necessary to adapt them to the New Delivery Process and the new single-queue systems.

Implementation deadlines

1.16 Detailed projects of the New Delivery Process shall be available within 3 months from the approval of the Undertakings, with respect to:

1.16.1 SMP services within market No. 11;

1.16.2 SMP services within market No. 12;

1.16.3 SMP services within market No. 13;

1.16.4 WLR service.

1.17 Detailed projects for the additional measures for the supply of Co-location Services, referred to at 1.7, shall be available within 3 months from the approval of the Undertakings.

1.18 Detailed programs for the enforcement of the New Delivery Process and for the additional measures for the supply of Co-location Services, referred to at 1.7, shall be available within the same terms referred to at 1.16 and 1.17.

1.19 The New Delivery Process and the additional measures for the supply of Co-location Services, referred to at 1.7, shall gradually enter in force in separate steps for each of the SMP Services mentioned at 1.16.1-1.16.4 and for the Co-location Services and shall be fully operative for all those services within 12 months from the availability of the detailed projects.

- 1.20 Detailed projects for the CRM Wholesale System shall be available within 3 months from the approval of the Undertakings, with respect to:
 - 1.20.1 SMP services within market No. 11;
 - 1.20.2 SMP services within market No. 12;
 - 1.20.3 SMP services within market No. 13;
 - 1.20.4 WLR service.
 - 1.20.5 ancillary services for Co-location.
- 1.21 A detailed program for the enforcement of the CRM Wholesale System shall be available within the terms provided for at 1.20.
- 1.22 The CRM Wholesale System shall gradually enter in force in separate steps for each of the SMP Services mentioned at 1.20.1-1.20.4 and for the Co-location Services and it shall be fully operative for all the above mentioned services within 12 months from the availability of the detailed projects.
2. **Group of Undertakings No. 2: Introduction of a new incentives system and a code of conduct for the staff of Open Access and of the Wholesale function.**
- 2.1 Telecom shall introduce, as part of its incentives system for the management of Open Access ("Open Access Incentives System"), targets related, among others, to:
 - 2.1.1 internal/external equality of treatment;
 - 2.1.2 satisfaction of the Operators purchasing SMP Services and Co-location Services from Telecom and of Telecom's end costumers;
 - 2.1.3 quality of the fixed access network and of related services, particularly with respect to the SMP Services and the Co-location Services supplied to the Operators;
 - 2.1.4 security of the fixed access network;
 - 2.1.5 efficiency of the fixed access network, to be measured with specific performance indicators.
- 2.2 Telecom shall introduce, as part of its incentives system for the management of the Wholesale function ("Wholesale Incentives System" and, together with the Open Access Incentives System, the "Incentive Systems"), targets related, among others, to:
 - 2.2.1 internal/external equality of treatment;
 - 2.2.2 satisfaction of the Operators purchasing SMP Services and Co-location Services from Telecom;
 - 2.2.3 end-to-end quality of SMP Services and Co-location Services supplied to the Operators (including caring activities carried out by the Wholesale function).

- 2.3 In addition to the code of conduct adopted with respect to Authority Decision No. 152/02/CONS ("Regulatory Code"), Telecom shall approve a code of conduct for the management and staff of Open Access and of the Wholesale function ("Code of Conduct"), which will set out rules and procedures in order to ensure compliance with the Undertakings.
- 2.4 As under the Regulatory Code, any infringements of the Code of Conduct by the management or staff of Open Access or of the Wholesale function shall be subject to the disciplinary consequences provided for under the applicable collective employment agreement.
- 2.5 As under the Regulatory Code, in future contracts stipulated with external operators supplying network services that are similar or complementary to those supplied by Open Access, Telecom shall introduce provisions aimed at ensuring that their employees are subject to obligations consistent with the Code of Conduct, when carrying out any activities on behalf of Telecom.
- 2.6 Telecom shall develop and carry out, with all adequate information tools, training programs for the management and staff of Open Access and of the Wholesale function to promote awareness of the Code of Conduct and of the Undertakings as well as of Authority Decision No. 152/02/CONS.
- 2.7 The Incentives Systems shall be effective starting from January of the year following the final approval of the Undertakings, with the introduction of the first set of annual targets.
- 2.8 The Code of Conduct shall be implemented within 3 months from the approval of the Undertakings.
- 2.9 Training programs discussed at 2.6 shall be initiated within 3 months from the adoption of the Code of Conduct.
- 3. Group of Undertakings No. 3: establishing a performance monitoring system for SMP services.**
- 3.1 In order to allow for a timely and efficient control of quality standards and internal/external equal treatment in the supply processes of SMP services, Telecom shall introduce a new monitoring system that will review, on a monthly basis, the performance of Open Access in the provision of SMP Services ("Monitoring System"), in addition to the evaluation system referred to in Authority Decision No. 152/02/CONS and in current regulations.
- 3.2 The Monitoring System shall provide information with respect to:
- 3.2.1 quality level of the production and supply processes relating to SMP Services, by comparing key performance indicators of quality ("KPI"), and the corresponding annual targets (Key Performance Objectives, "KPO");
- 3.2.2 internal/external equal treatment, by comparing KPIs related to the production of SMP Services supplied to the Operators with KPIs related to corresponding production activities of services supplied to Telecom's own commercial departments.

- 3.3 KPOs shall be set up annually and agreed with the Authority on the basis of (i) the needs of the market, (ii) the KPIs' record over previous years, (iii) the development of relevant processes and systems, and (iv) the scheduling and/or performance of the Technical Plans for the Quality of the Fixed Access Network discussed at Group of Undertakings No. 5.
- 3.4 KPIs and KPOs shall also measure the performance of other Telecom technical functions, with respect to the activities of configuration or use of their equipments and systems carried out by Open Access for the delivery and assurance of SMP Services. A comparison between the results of the Monitoring System and the reports carried out pursuant to Authority Decision No. 152/02/CONS and to current regulations, shall allow for the measurement of performances rendered by the Wholesale function.
- 3.5 The Monitoring System shall use four groups of KPIs relating to following fields:
- 3.5.1 delivery processes ("KPI Group No. 1", including indicators on the average time required for activation, expressed in terms of calendar days, and the percentage of cases that respect the given timeframe);
 - 3.5.2 assurance processes ("KPI Group No. 2", including indicators of the average time required for repairing a breakdown, expressed in terms of working hours, and the percentage of cases that respect the given timeframe);
 - 3.5.3 availability/unavailability of network and services ("KPI Group No. 3", including the percentage of service availability/unavailability, compared to the overall observation period);
 - 3.5.4 availability/unavailability of wholesale management and assistance systems ("KPI Group family No. 4", including the percentage of system availability/unavailability as support for internal processes for the production of SMP services or activities carried out on behalf of Operators, compared to the overall observation period).
- 3.6 Detailed projects for the Monitoring System shall be available within three months from the approval of the Undertakings, with respect to:
- 3.6.1 KPI Group No. 1 for SMP Services within markets Nos. 11, 12 and 13 and for WLR Service;
 - 3.6.2 KPI Group No. 2 for SMP Services within markets Nos. 11, 12 and 13 and for WLR Service;
 - 3.6.3 KPI family No. 3 for SMP Services within markets Nos. 11, 12 and 13 and for WLR Service;
 - 3.6.4 KPI Group No. 4 for wholesale management and assistance systems.
- 3.7 A detailed program of the Monitoring System activation timeframe shall be available within the terms provided for at 3.6.

- 3.8 The Monitoring System shall gradually enter in force in separate steps for each of the KPI Groups mentioned at 3.6.1-3.6.4 and shall be fully operative within 6 months from the availability of the detailed projects referred to at 3.6.
- 3.9 Telecom shall set up an advisory working group with interested Operators in order to jointly assess the introduction of further indicators, if any, within the Monitoring System. The working group's activities shall initiate within a month from the availability of the detailed projects referred to at 3.6 and shall be concluded within two months from the first meeting date. Any new KPIs defined within the working group shall be made available in separate steps after the releases discussed at 3.8, pursuant to a program that will be communicated within one month from the conclusion of the working group's activities.
- 4. Group of Undertakings No. 4: guaranteeing transparency of the monitoring system.**
- 4.1 Subject to confidentiality duties and Authority Decision No. 152/02/CONS, Telecom shall create a new internal office responsible for the Monitoring System and the related reports.
- 4.2 Telecom shall analyze KPIs referred to in Group of Undertakings No. 3 on a monthly basis and shall prepare a monthly report ("Monthly Undertakings Report") which will outline the results of the analysis, highlighting the trend of performances within the current year and comparing results related to corresponding time periods of previous years.
- 4.3 The Monthly Undertakings Report shall include tables and comparative diagrams and shall allow, for any KPI, to identify the relevant KPOs and to compare the results related to services provided to the end costumers with those related to services provided to the Operators.
- 4.4 Telecom shall analyze the indicators referred to in Authority Decision No. 152/02/CONS on a monthly basis and shall prepare a monthly report ("Monthly Regulation Report" and, together with the Monthly Undertakings Report, the "Monthly Reports").
- 4.5 The Monthly Regulation Report shall include tables and comparative diagrams and shall outline the results of the analysis, highlighting the trend of performances within the current year and comparing results related to corresponding time periods of previous years.
- 4.6 The Monthly Reports shall be submitted to the Supervisory Board referred to at paragraph 7.1 by the end of the month following the observation period.
- 4.7 Telecom shall also make available the data referred to at 4.2 and 4.3 in a quarterly report ("Quarterly Report").
- 4.8 The Quarterly Report shall be:
- 4.8.1 submitted to the Supervisory Board and to the Authority by the end of the month following the three-month reference period;
 - 4.8.2 published on Telecom's web site dedicated to Operators (www.wholesale-telecomitalia.it), after it has been submitted pursuant to 4.8.1.

- 4.9 Telecom shall prepare an annual report ("Annual Report") outlining the results of the previous year, with reference to both the KPI provided for by the Monitoring System and the indicators referred to in Authority Decision No. 152/02/CONS.
- 4.10 The Annual Report shall be:
- 4.10.1. submitted to the Supervisory Board and to the Authority by the end of February of each year;
- 4.10.2 published on Telecom's web site dedicated to Operators (www.wholesale-telecomitalia.it), after it has been submitted pursuant to 4.10.1.
- 4.11 Telecom shall provide the Supervisory Board with any clarification it may request with respect to the outcomes of the monitoring activity carried out pursuant to the present Group of Undertakings No. 4.
- 4.12 The present Group of Undertakings No. 4 shall be implemented as soon as the Monitoring System becomes operational. During the first 6 months, this Group of Undertakings No. 4 will apply only to available information.
- 5. Group of Undertakings No. 5: guaranteeing transparency of the Technical Plans for the Quality of the Fixed Access Network.**
- 5.1 Telecom shall notify the Supervisory Board, the Authority and the Operators, in accordance with the procedures described hereinafter, of the Technical Plans for Quality of the Fixed Access Network (as defined below), as well as of its progressive implementation, in order to guarantee that the end users of both Telecom and Operators may actually benefit from the results of the foreseen activities.
- 5.2 For the purposes of the present Group of Undertakings No. 5, "Technical Plan for the Quality of the Fixed Access Network" means an official document adopted by Telecom which sets out the scheduling of those activities aimed at improving the quality of the fixed access network and related services. Technical Plans for Quality of the Fixed Access Network may be annual or, in the event of difficult and lengthy projects, multi-annual. As it is Telecom's sole decision to schedule and implement the activities provided therein, the communication of the Technical Plans for Quality of Fixed Network Access is intended to illustrate the activities Telecom intends to carry out. For instance, the Technical Plans for Quality of Fixed Network Access might report:
- (a) measures adopted to maintain elements of the fixed access network systems (including secondary distribution network, pressurized cable network, external terminations, poles, main distribution frames and pressurization systems);
 - (b) measures to de-saturate the fixed access network at a local level and directed at remedying the unavailability of physical pairs in a certain area or any overload in density of broadband connections;
 - (c) measures intended to adjust the local transmission network capacity, in order to avoid delays in the marketing of symmetrical bitstream services (previously, so-called "permanent virtual channel" or PVC) and slowdowns in the access and use of best-effort internet services;
 - (d) improvement of databases related to the availability and use of access network resources;

- (e) improvement of diagnosis and assurance processes, including by means of innovative IT systems.
- 5.3 Telecom shall notify the Supervisory Board, the Authority and the Operators of the Technical Plans for Quality of Fixed Access Network on an annual basis.
- 5.4 With respect to any specific kind of activity which is the subject-matter of the Technical Plans for Quality of Fixed Access Network, the latter shall include at least the following information:
 - 5.4.1 a description of the envisaged activity;
 - 5.4.2 a description of expected benefits;
 - 5.4.3 a description of measures scheduled for the year or for the multi-year reference period;
 - 5.4.4 a non-binding schedule and geographic distribution of planned interventions.
- 5.5 Every three months (respectively, by March, June, September and December), Telecom shall provide the Supervisory Board, the Authority and the Operators with quarterly plans containing more detailed information about those interventions planned to improve the quality of the fixed access network and of the related services ("Quarterly Programs for Quality of the Fixed Access Network").
- 5.6 The Quarterly Programs for Quality of the Fixed Access Network shall include at least the following information:
 - 5.6.1 a description of the envisaged activity;
 - 5.6.2 the number of interventions scheduled for the three-month reference period;
 - 5.6.3 a schedule and detailed geographic distribution of planned interventions (including at the level of Telecom's local exchange areas).
- 5.7 Telecom reserves the right to make any modifications to the Technical Plans and the Quarterly Programs for Quality of the Fixed Access Network, by providing timely notice of the most relevant modifications to the Supervisory Board, the Authority and the Operators. Disclosing Technical Plans and Quarterly Programs for the Quality of Fixed Access Network shall not in itself entail undertaking any obligation to implement the planned activities nor shall it entail any responsibility for Telecom, in the event that such activities are not implemented according to the agreed schedule.
- 5.8 Telecom shall constantly monitor progress of the activities described in the Technical Plans for the Quality of Fixed Access Network and shall prepare quarterly reports with respect thereto.
- 5.9 Reports referred to at 5.8 shall be as detailed as the Quarterly Programs for Quality of the Fixed Access Network and shall be made available to the Supervisory Board, the Authority and the Operators, by the end of the month following the conclusion of the quarter (respectively, by January, April, July and October). For particularly important projects, Telecom is willing to provide the reports referred to at 5.8 more frequently, within a time frame to be decided in accordance with the interested Operators which so request.

- 5.10 Telecom shall prepare an annual report summarizing the results achieved during the reference year with respect to implementation of the Technical Plans for the Quality of the Fixed Access Network, and shall compare such results with the originally planned interventions.
- 5.11 The report referred to at 5.10 shall be disclosed to the Supervisory Board, the Authority and the Operators by February of the year following the reference year.
- 5.12 For the purposes of the present Group of Undertakings No. 5, communications to Operators shall be published on Telecom's dedicated web site (www.wholesale-telecomitalia.it).
- 5.13 All communications referred to in this Group of Undertakings No. 5 addressed to the Supervisory Board, the Authority and the Operators shall be made under an obligation of confidentiality, and exclusively for the purpose set out at 5.1. In any case, Telecom reserves the right to freely communicate to the other parties the information contained in the Technical Plans for the Quality of Fixed Access Network, in the Quarterly Programs for the Quality of the Fixed Access Network, in the informative reports referred to at 5.8 and in the report referred to at 5.10.
- 5.14 The present Group of Undertakings No. 5 shall be put into effect from the planning cycle for the year 2009 or, if the Undertakings will be approved after 31.12.2008, as from the quarter following that of approval.
- 6. Group of Undertakings No. 6: guaranteeing transparency of the Technical Plans for the Development of the Fixed Access Network.**
- 6.1 Telecom undertakes to notify the Supervisory Board, the Authority and the Operators, in accordance with the following procedures, of its Technical Plans for the Development of the Fixed Access Network (as defined below), in order to enable the Operators to know in advance the development of Telecom's fixed access network, and, should they wish to use its services, in order to enable them to plan their activities and investments in accordance thereto.
- 6.2 For the purposes of the present Group of Undertakings No. 6, "Technical Plan for the Development of the Fixed Access Network" means a planning document, which Telecom will normally prepare on a multi-year basis, indicating intervention strategies for the architectural, technical and dimensional development of the fixed access network. For instance, the following can be considered as Technical Plans for the Development of the Fixed Access Network:
- (a) the "Broadband Coverage Plan", which will illustrate the evolution of up to 20 Mbit/s broadband services coverage by local exchange area and by municipality, supplementing and enriching the current information provided to Operators on the introduction of DSLAM nodes according to the bitstream access RO;
 - (b) the "New Generation Access Network Plan (NGAN)", which will outline the percentage of local exchange areas and municipalities that will be covered by new generation lines, with reference to the so-called home passed (namely, buildings or neighboring areas where such connections are available). In addition, it will include technical and programmatic information on wholesale services, if any, which might become locally available on the new network platform.

- 6.3 The Technical Plans for the Development of the Fixed Access Network shall include:
- 6.3.1 a description of the new technologies introduced in the fixed access network;
 - 6.3.2 a description of the new infrastructures or of the changes to existing ones;
 - 6.3.3 a description of the new wholesale access services which might possibly be introduced;
 - 6.3.4 the number and type of technical activities which have been planned over the reference years on the fixed access network to implement the envisaged measures;
 - 6.3.5 a non-binding schedule and geographic distribution of interventions which have been planned for the reference year.
- 6.4 The Technical Plans for the Development of the Fixed Access Network shall be communicated on an annual basis to the Supervisory Board, the Authority and the Operators.
- 6.5 Every three months (respectively, by March, June, September and December), Telecom shall provide the Supervisory Board, the Authority and the Operators with quarterly plans containing more detailed information about those interventions, which are planned to develop the fixed access network ("Quarterly Programs for the Development of the Fixed Access Network").
- 6.6 The Quarterly Programs for the Development of the Fixed Access Network shall include at least the following information:
- 6.6.1 a description of the envisaged activity;
 - 6.6.2 the number of interventions scheduled for the three-months reference period;
 - 6.6.3 a schedule and detailed geographic distribution of planned interventions (including at the level of Telecom's local exchange areas).
- 6.7 Telecom reserves the right to make any modifications to the Technical Plans and the Quarterly Programs for the Development of the Fixed Access Network, by providing timely notice of the most significant modifications to the Supervisory Board, the Authority and the Operators. Disclosing Technical Plans and Quarterly Programs for the Development of the Fixed Access Network shall not in itself entail undertaking any obligation to implement the planned activities nor shall it entail any responsibility for Telecom, in the event that such activities are not implemented according to the agreed schedule.
- 6.8 Telecom shall constantly monitor progress of the activities provided by the Technical Plans for the Development of Fixed Access Network and shall prepare a quarterly report.
- 6.9 Reports referred to at 6.8 will be made available to the Supervisory Board, the Authority and the Operators, by the end of the month following the conclusion of the three-month period (respectively, by January, April, July and October). For particularly important projects, Telecom is willing to provide the reports referred to at 6.8 more

frequently, within a time frame to be decided in accordance with the interested Operators which so request.

- 6.10 Telecom shall prepare an annual report summarizing the results achieved within the relevant year with respect to implementation of the Technical Plans for the Development of the Fixed Access Network.
- 6.11 The report referred to at 6.10 shall be disclosed to the Supervisory Board, the Authority and the Operators by February of the year following the reference year.
- 6.12 For the purposes of the present Group of Undertakings No. 6, communications to the Operators shall be published on Telecom's dedicated web site (www.wholesale-telecomitalia.it).
- 6.13 All communications referred to in this Group of Undertakings No. 6 addressed to the Supervisory Board, the Authority and the Operators shall be made under an obligation of confidentiality, and exclusively for the purpose set out at 6.1. In any case, Telecom reserves the right to freely communicate to the other parties the information contained in the Technical Plans for the Development of Fixed Access Network, in the Quarterly Programs for the Development of the Fixed Access Network, and in the reports referred to at 6.8 and at 6.10.
- 6.14 The present Group of Undertakings No. 6 shall be put into effect as from the planning cycle for year 2009 or, if the Undertakings will be approved after 31/12/2008, as from the quarter following that of approval.

7. Group of Undertakings No. 7: establishing a Supervisory Board.

- 7.1 Telecom shall establish an internal independent body ("Supervisory Board") in charge of: (i) supervising the proper implementation of the Undertakings; (ii) verifying the compliance of the KPIs referred to in Groups of Undertakings n. 3 and 4 with the principles of equal treatment and the quality objectives for the fixed network access services. The Supervisory Board shall, on its own motion or upon third party's notice, verify possible violations and report them to the Authority, within the time limits and according to the procedures set forth at point 7.16.
- 7.2 The establishment of the Supervisory Board and the assessments it carries out do not interfere in any way with the exercise by the Authority of its powers, and in particular with the Authority's supervisory prerogatives.
- 7.3 The Supervisory Board shall be composed of five independent members, two of which appointed by Telecom's Board of Directors and three of which designated by the Authority. The Supervisory Board's members shall act in full independence and shall not have any power to act on the Authority's or Telecom's behalf.
- 7.4 Members of the Supervisory Board shall be appointed for three years and may not be re-appointed.
- 7.5 As an exception to point 7.4, the term of office of the first members of the Supervisory Board shall be determined, within the maximum limit of three years, in order to guarantee that their mandates do not elapse all at the same time

- 7.6 Members of the Supervisory Board shall meet honorability, independence and professionalism requirements. In particular:
- 7.6.1 with respect to professionalism, members should have adequate and qualified experience in business consulting, auditing, management of electronic communications' infrastructures and/or electronic communications in general;
 - 7.6.2 with respect to independence, members may not (i) be part of the management or staff of Telecom, of electronic communications operators or of television operators; (ii) act as consultants or have any other collaboration relationship with Telecom or other electronic communications operators or television operators during their mandate; (iii) maintain with Telecom any of the relationships indicated in (i) and (ii) during the year following the expiration of their mandate. Moreover, the members of the Supervisory Board shall commit not to maintain any of the relationships indicated in (i) and (ii) with electronic communications operators or television operators during the year following the expiration of their mandate.
- 7.7 The Chairman of the Supervisory Board shall be selected:
- 7.7.1 preferably among ordinary, administrative or auditor magistrates;
 - 7.7.2 among members appointed by the Authority.
- 7.8 The Supervisory Board shall have a Secretary General, selected and appointed by Telecom with the approval of the Authority, and removable for serious reasons by the Supervisory Board. The Secretary General shall support and coordinate the Supervisory Board's activities. The Supervisory Board shall also have access to an adequate annual budget, in any event not below € 1.2 million.
- 7.9 The Supervisory Board shall act as a collegial body. Unless otherwise provided for by the internal regulation of the Supervisory Board referred to at point 7.24, the Supervisory Board shall adopt its decisions by simple majority of the members present at the relevant meeting.
- 7.10 The Supervisory Board shall meet at least monthly. The manager of Open Access, or a delegate specifically appointed by him, may participate in the meetings of the Supervisory Board, but shall have no right to vote.
- 7.11 Telecom shall timely provide to the Supervisory Board any information or clarification needed for the performance of its tasks.
- 7.12 The Supervisory Board may ask Telecom and/or third parties further information or clarifications with respect to any matter relating to its areas of competence. Moreover, the Supervisory Board may ask Telecom information and clarification about cases of activation of unsolicited services that come to its attention pursuant to point 12.1, and Telecom's initiatives to remedy to such situations. Telecom shall provide the information and possible clarifications within the time limit set on a case-by-case basis by the Supervisory Board, taking into consideration the nature, quantity and quality of the information required and the time needed for gathering and providing them.

- 7.13 The Supervisory Board may have direct access to information and data needed for the performance of its tasks at Telecom's offices and sites, also through the Supervisory Office referred to at point 7.18.
- 7.14 The members of the Supervisory Board and of the Supervisory Office referred to at point 7.18, shall keep confidential all the information acquired in the performance of their tasks. It is understood and agreed that the Supervisory Board may communicate to the Authority the information necessary to the fulfillment of the obligations referred to at points 7.16 and 7.23.
- 7.15 The Supervisory Board shall be responsible for the investigation of possible breaches of the Undertakings pursuant to point 7.1. In such investigation Telecom shall be able to fully exercise its rights of defense. In the event, following the investigation, a breach of the Undertakings is ascertained through a reasoned decision, the Supervisory Board shall formally inform Telecom's CEO, setting an adequate time limit within which Telecom must remedy to such a breach. Such time limit shall be set on a case-by-case basis, taking into consideration the nature of the breach and the complexity of the activities necessary to comply with the Supervisory Board's decision.
- 7.16 Should Telecom fail to remedy to the breach ascertained pursuant to point 7.15 within the set time limit, the Supervisory Board shall immediately inform the Authority, copying Telecom's Board of Directors, by means of a communication to Telecom's General Counsel with attached a copy of the decision ascertaining the breach.
- 7.17 The Supervisory Board shall describe its investigatory activities in a quarterly report to be submitted to the Telecom's CEO and to the Authority. The report shall specify any possible anomaly or inadequacy the Supervisory Board may have found, including those cases in which Telecom has timely remedied to the breaches ascertained pursuant to point 7.15. The abovementioned quarterly report shall also indicate the cases of activation of unsolicited services that may have come to the Supervisory Board's attention pursuant to point 12.1, as well as Telecom's initiatives to remedy to such situations.
- 7.18 Telecom shall set up a dedicated office, composed by Telecom's employees, in charge of assisting the Supervisory Board in the performance of its tasks ("Supervisory Office"). The Supervisory Office's main tasks shall be:
- 7.18.1 to support the Supervisory Board through the analysis of the information and data coming from Telecom and/or from third parties and the drafting of related reports;
- 7.18.2 to ask Telecom and third parties possible further information or clarifications needed for the performance of its tasks. Telecom shall provide all information and clarifications asked by the Supervisory Office within an appropriate time limit, taking into consideration the nature, quantity and quality of the required information and the time needed for gathering and providing them;
- 7.18.3 to directly access the information and data needed for the performance of Supervisory Board's tasks at Telecom's offices and sites, pursuant to point 7.13, on the basis of a written mandate of the Supervisory Board, that shall be shown by the Supervisory Office's personnel at the moment of the access;

- 7.18.4 to receive possible third parties' reports or complaints about possible breaches pursuant to point 7.1, as well as any complaints pursuant to point 12.1;
- 7.18.5 to verify if reports and complaints received pursuant to point 7.18.4 are well grounded and to report the results of such inquiry to the Supervisory Board;
- 7.18.6 to inform third parties that have submitted reports and/or complaints about the possible actions taken in this respect;
- 7.18.7 upon request of the Supervisory Board, to transmit to Telecom and to the Authority communications and reports in the cases provided for by the present Group of Undertakings n. 7 and by the internal regulation of the Supervisory Board;
- 7.18.8 to carry out the further activities assigned to it by the Supervisory Board for the purposes of performing its tasks.
- 7.19 The Supervisory Office shall have an adequate staff and sufficient resources. The Supervisory Office's staff will be exclusively dedicated to the performance of the tasks set forth in the present Group of Undertaking n. 7 and in the internal regulation of the Supervisory Board pursuant to point 7.24. The staff of the Supervisory Office shall sign a specific commitment to impartially cooperate with the Supervisory Board.
- 7.20 For the performance of its tasks, the Supervisory Office may benefit from the cooperation and the specific competences of Telecom's internal functions.
- 7.21 Telecom shall ensure that the Supervisory Office's staff is put in the conditions to perform its tasks with the utmost impartiality.
- 7.22 The Supervisory Board and the Supervisory Office will be located in premises separate from Telecom's other offices.
- 7.23 Each year, the Supervisory Board shall provide both the Authority and Telecom with a report outlining the activities undertaken and the results achieved.
- 7.24 Telecom shall submit for the Authority's approval an internal regulation setting forth the rules and procedures for the functioning of the Supervisory Board and the Supervisory Office, in compliance with the obligations of this Group of Undertakings No. 7 ("Regulation of the Supervisory Board"). The Regulation of the Supervisory Board shall address, among others, the following subjects:
- 7.24.1 the criteria governing the term of office for the first members of the Supervisory Board according to point 7.5;
- 7.24.2 the functions of the Chairman and of the Secretary General of the Supervisory Board;
- 7.24.3 the remuneration of the members of the Supervisory Board and of the Secretary General;
- 7.24.4 the recruitment criteria for the Supervisory Board's personnel;

- 7.24.5 the required means to convene meetings and the frequency of such meetings;
- 7.24.6 the decisions that the Supervisory Board shall adopt only with the favorable vote of at least one of the members designated by Telecom, according to point 7.9. Such decisions shall, in any event, not include the decisions on the subjects listed at point 7.1;
- 7.24.7 the information that Telecom, pursuant to point 7.11, shall regularly provide to the Supervisory Board to allow the latter to perform its tasks;
- 7.24.8 the procedure to be followed for the direct access to information and data at Telecom's offices and sites, according to point 7.13;
- 7.24.9 the procedures to be followed for the investigation of Telecom's possible breaches of the Undertakings, according to point 7.15;
- 7.24.10 the procedures to be followed by the Supervisory Office when handling third parties' reports and complaints, according to point 7.18.4;
- 7.24.11 the types of decisions that the Supervisory Board can adopt;
- 7.24.12 the modalities and procedures for the transmission of communications and reports (in the cases provided for by the present Group of Undertakings n. 7 and by the Regulation of the Supervisory Board) to Telecom and to the Authority, including the addressees, within Telecom, of such communications and reports;
- 7.24.13 the content of the annual report mentioned at point 7.23.
- 7.25 Any amendment to the Regulation of the Supervisory Board shall be defined together with the Authority.
- 7.26 The present Group of Undertakings No. 7 shall be implemented within three months from the approval of the Undertakings.
- 8. Group of Undertakings No. 8: integration of Telecom's regulatory accounting and setting of the transfer charges.**
- 8.1 In addition to what is already provided for by article 2, paragraph 2, letter a), of Decision n. 152/02/CONS, Telecom shall set up, within *ad hoc* service agreements, and submit to the Authority's approval, the transfer charges for SMP services provided by Open Access to Telecom's commercial functions, according to the terms and conditions set forth at point 8.3.
- 8.2 Within the current regulatory accounting, Telecom shall set up and submit to the Authority's approval, under the terms and conditions set forth at point 8.3, a separate accounting for Open Access. This separate accounting shall provide details about the provision of SMP Services necessary to allow the verification of the equivalence between the transfer charges referred to at point 8.1 and the prices charged to the Operators.
- 8.3 Within 2 months from the approval of the Undertakings, Telecom shall submit to the Authority's approval detailed proposals as to the models to be followed in order to:

- 8.3.1 set up the transfer charges referred to at point 8.1;
- 8.3.2 set up the accounting referred to at point 8.2.
- 8.4 The service agreements containing the indication of the transfer charges referred to at point 8.1 and the accounting referred to at point 8.2 shall be operative within 4 months from the approval of the relevant models by the Authority.
- 8.5 Telecom shall communicate to the Authority, or provide upon request, the service agreements containing the indication of the transfer charges referred to at point 8.1, and any possible subsequent amendments thereof.
- 9. Group of Undertakings No. 9: measures concerning the new generation access networks.**
- 9.1 Within 6 months from the approval of the Undertakings, Telecom shall publish an offer at fair, reasonable, transparent and non-discriminatory technical and economic conditions (submitted to the Authority's supervision) for the opening of to its passive infrastructure (cable and ducts) ("Passive Infrastructures") to Operators authorized to provide telecommunications services, wishing to lay cables in order to realize access networks for the provision of such services to end-users.
- 9.2 In those cases where the access to certain Passive Infrastructures results technically or physically impossible, or not economically viable for any Operator, Telecom shall offer alternative modalities for access to dark fibers at fair, reasonable, transparent and non-discriminatory technical and economic conditions.
- 9.3 Within the term set forth at point 9.1, Telecom shall publish and communicate to the Authority a technical and economic proposal for the possible sharing, with the interested Operators, of the investments and costs associated with the realization of new Passive Infrastructures.
- 9.4 Should the Authority, following its market analysis, identify Telecom as a SMP operator and impose upon it non-discrimination obligations with respect to one or more intermediate access services supplied through new generation networks, the Undertakings related to SMP Services shall apply also to these services, within 6 months from the publication of the relevant Authority's decision.
- 9.5 Telecom undertakes to become part of the advisory working group "*NGN Italy Committee*", that the Authority intends to set up in order to examine and submit to the same Authority issues related to technical, organizational and economical aspects related to the migration to the new generation networks.
- 9.6 In order to safeguard the nature of open network of Telecom's access infrastructure during the Operators' migration towards the new generation networks, within 6 months from the approval of the Undertakings, Telecom shall propose, within the committee referred to at point 9.5, guidelines containing the minimum notice terms and the related communication modalities, that will be guaranteed to the Operators co-located in the central offices subject to dismantling during the transition from the PSNT network to the new generation network.
- 10. Group of Undertakings No. 10: establishing a body in charge of the resolution of technical/operational disputes relating to network access services.**

- 10.1 With respect to the body in charge of the resolution of technical/operational disputes relating to network access services, that the Authority intends to set up in light of the experience of the UK Office of Telecommunications Adjudicator, Telecom undertakes to subscribe the contractual scheme set forth by the Authority, without prejudice of its right to freely submit to the Authority its own position during the relevant proceedings and to protect its rights or interests.
- 11. Group of Undertakings No. 10: ban on selling activities for network forces and training programs for sale forces.**
- 11.1 Open Access's staff involved, even if occasionally, in the provision of SMP services, shall not be allowed to carry out any selling activity to the end users.
- 11.2 Telecom shall include the prohibition referred to at 11.1 in the Code of Conduct or, in the event that the Authority should only accept and thus make binding the Groups of Undertakings Nos. 11-14, pursuant to paragraph 17.1, in the Regulatory Code (as defined in paragraph 2.3).
- 11.3 In any case, Telecom shall carry out, as soon as it is possible, targeted training sessions to inform Open Access's network technicians and commercial staff assigned to Telecom's commercial departments on the prohibition referred to at 11.1. In the event that the Authority also accepts the Groups of Undertakings Nos. 1-10, the above-mentioned information campaigns will be part of the information programs referred to at 2.6, as soon as they are implemented.
- 11.4 The Undertaking referred to at 11.1 shall be binding as from the date the Authority approves the Undertakings or the present Group of Undertakings No. 11.
- 11.5 The Code of Conduct shall be adopted within the time limit provided under 2.8. In the event that the Authority should only accept and thus make binding the Groups of Undertakings Nos. 11-14, pursuant to article 17.1, the Undertaking referred to at 11.2 shall be enforced within one month from the approval of the present Group of Undertakings No. 11.
- 11.6 The Undertaking referred to at 11.3 shall be enforced within one month from the date of approval of the present Group of Undertakings No. 11.
- 12. Group of Undertakings No. 12: obligation to report the activation of unsolicited services to the end-users.**
- 12.1 In order to prevent the activation of unsolicited services, in accordance with existing regulations, Open Access's management shall collect and forward, on a quarterly basis, to the Authority any complaint related to unsolicited activations which the end users have brought to the attention of Open Access's network technicians. In the event that the Authority should only accept and thus make binding the Groups of Undertakings Nos. 11-14, pursuant to 17.1, Open Access's management shall transmit to the Authority a semiannual report about those complaints which Telecom might have failed to resolve.
- 12.2 The obligation imposed on network technicians and Open Access's staff to inform the Authority shall be:

- 12.2.1 specifically mentioned in the Code of Conduct or, in the event that the Authority should only accept and thus make binding Groups of Undertakings Nos. 11-14, , pursuant to paragraph 17.1, in the Regulatory Code;
- 12.2.2 a subject-matter of the training sessions dedicated to Open Access's staff, as referred to at 11.3.
- 12.3 The Undertaking referred to at 12.1 shall be enforced within one month from the approval of the Undertakings, or of the present Group of Undertakings No. 12.
- 12.4 The Code of Conduct shall be adopted within the time limit provided for at 2.8. In the event that the Authority should only accept and thus make binding the Groups of Undertakings Nos. 11-14, pursuant to paragraph 17.1, the Undertaking referred to at 12.2.1 shall be enforced within one month from the approval of the present Group of Undertakings No. 12.
- 12.5 The Undertaking referred to at 12.2.2 shall be enforced within one month from the approval of the Undertakings or of the present Group of Undertakings No. 12.
- 13. Group of Undertakings No. 13: obligations to notify the termination of CPS services.**
- 13.1 Telecom shall interrupt the CPS services' termination procedure as soon as the Operator forwards a so-called "KO" report due to an end user changing his mind, even if Telecom's commercial department subsequently ascertains and reports a different desire from that end user. As a consequence, Telecom's commercial departments will have to repeat the necessary notifications, observing the relevant notice timeframes.
- 13.2 The Undertaking referred to at 13.1 shall be binding upon Telecom as from the approval of the Undertakings or of the present Group of Undertakings No. 13.
- 14. Group of Undertakings No. 14: measures for reducing litigation with the end users.**
- 14.1 Telecom shall deal in a centralized way with all the reconciliation requests submitted by customers, with particular reference to the unsolicited and/or premium services, thereby ensuring an uniform management on the entire national territory of the compulsory reconciliation attempt provided by applicable rules, with a view to providing customers with a quick, effective and free-of-charge solution as to the claims which have not been solved during the complaint phase. The above activities shall be entrusted to an *ad-hoc* dedicated structure set up by Telecom and equipped with the necessary competences with respect to consumers' rights.
- 14.2 Under the responsibility of the structure referred to at point 14.1, and following a one-stop-shop philosophy, Telecom shall apply an organizational model similar to that followed for the conciliation provided for by the framework agreement signed with consumers' associations, for the reconciliation procedures to be held before the Regional Communications Committees (Re.Co.Co.) and the Chambers of Commerce. Trough offices located throughout the national territory, this organizational model will ensure that the reconciliation requests submitted to the Re.Co.Co. and the Chambers of Commerce are dealt on the basis of homogenous and uniform criteria and procedures with a view to ensuring customers' satisfaction, also through a reduction of the duration of the reconciliation procedure.

- 14.3 In the system of incentives for the management of the structure referred to at point 14.1, Telecom shall introduce targets related to the significant reduction of the customers' settlement requests pending at the date of approval of the Undertakings or of the present Group of Undertakings n. 14 ("Pending Settlement Requests").
- 14.4 Telecom shall communicate to the Authority its plan for the reduction of the Pending Settlement Requests and for the management of the new requests, as well as two half-yearly reports on the results achieved through the implementation of the plan.
- 14.5 The Undertakings referred to at points 14.1, 14.2, 14.3 will be implemented within 3 months from the date of approval of the Undertakings or of the present Group of Undertakings No. 14.
- 14.6 The plan referred to at point 14.4 shall be communicated to the Authority within 6 months from the date of approval of the Undertakings or of the present Group of Undertakings No. 14.
- 14.7 The half-yearly reports referred to at point 14.4 shall be submitted within one month from the end of the respective semester of reference.
- 15. Changes in the Undertakings.**
- 15.1 Telecom and the Authority may make any changes to the present Undertakings, by mutual agreement and without prejudice to existing regulations.
- 16. Expiry and Limitations to the effects of the Undertakings.**
- 16.1 With the exception of what is provided for at points 4.1, 14.1, 16.3 and 16.4, the establishment of Open Access and of the other Telecom's corporate departments and, in any event, the current organization and management structure of the fixed access network is part of Telecom's right to free economic enterprise and is outside the scope of the Undertakings.
- 16.2 With the exception of what is provided for at point 16.4, Telecom will reserve the right to review, modify and/or re-arrange its internal activities or departments, including Open Access and the Wholesale Department, without prejudice to its duty to comply with the Undertakings. Except as provided for at point 16.10, in the event of a revision, modification and/or re-arrangement of Telecom's own internal activities or departments, the Undertakings shall still be applicable to Telecom's internal departments entrusted with tasks currently assigned to Open Access, the Wholesale Department or other Telecom departments.
- 16.3 Telecom shall inform the Authority in advance of any revision, modification and/or reorganization of its activities or internal functions relevant for the purposes of implementing the Undertakings, including Open Access and the Wholesale function.
- 16.4 In the event that the revision, modification and/or reorganization communicated to the Authority pursuant to point 16.3, has a relevant impact on the nature of the Undertakings, Telecom will implement such revision, modification and/or reorganization only after the Authority's approval.
- 16.5 After five years have elapsed from the approval of the Undertakings, at the request of Telecom, the Authority may start the proceedings aimed at identifying possible

changes to and/or revoking, in whole or in part, the Undertakings, should this be deemed appropriate in the light of new competitive and regulatory framework.

- 16.6 The Undertakings shall cease to be in force in the event that Telecom ceases to be a notified operator having SMP in each of the wholesale fixed access network markets (*i.e.*, in current markets Nos. 4, 5 and 6 as set out in Recommendation No. 2007/879/EC).
- 16.7 The Undertakings concerning the SMP Services and Undertaking n. 9.4, shall cease to be in force as regards specific product or geographic markets with respect to which Telecom, at any time, ceases to be a notified operator having SMP. The Undertakings concerning Co-location shall expire in case Telecom ceases to be a notified operator having SMP in the current market No. 4 of Recommendation No. 2007/879/EC.
- 16.8 The Undertakings concerning SMP Services and/or to Co-location and Undertaking n. 9.4 shall expire, with reference to all or some of the services therein included, in the event that Telecom, in relation to those services, should no longer be bound by any regulatory obligation as regards access or use of network resources.
- 16.9 The Undertakings shall expire in the event that the Authority should impose upon Telecom regulatory measures pursuant to art. 45, paragraph 3, of the Electronic Communications Code or, in any case, aimed at introducing a functional separation.
- 16.10 Following any changes related to the current organization and/or management structure of the fixed access network decided autonomously by Telecom for any reason and not provided for by the Undertakings, upon Telecom's motivated request and in accordance with applicable laws or regulations, the Authority may approve the amendment and/or revocation, in whole or in part, if any, of the Undertakings, if it deems it to be necessary or suitable.
- 16.11 Telecom shall inform the Authority if the Undertakings have expired pursuant to 16.6, 16.7, 16.8 and 16.9.
- 16.12 The access network services provided by means of optical fiber, other than those included in the list of SMP Services, shall only fall within the scope of the Groups of Undertakings Nos. 5, 6 and 9.

17. Modulation of the Undertakings.

- 17.1 In the event that the Authority should fail to accept the Groups of Undertakings Nos. 1-10 pursuant to art. 1, paragraphs 2, 3 and 4 of Authority Decision No. 626/07/CONS, the present definitive proposal of Undertakings will remain valid and effective as regards Groups of Undertakings Nos. 11-14, within the framework of infringement proceedings opened with Decisions Nos. 4/07/DIR, 1/08/DIR, 2/08/DIR, 63/07/DIT, 2/08/DIT, 3/08/DIT and 7/08/DIT.

* * *

The enforcement of the Undertakings is expressly conditional upon the adoption of a decision with which the Authority, having considered that the Undertakings are *“able to ensure that the supply of wholesale access services to the fixed network will be carried out through an effective and efficient separation between access network activities and the rest of Telecom's departments as well as with guarantees of equal treatment – between*

alternative operators and Telecom's own commercial departments – in relation to the supply of wholesale access services”, accepts them pursuant to Article 14-bis of Law Decree No. 223 of 4/7/2006, converted by Law No. 248 of 4/8/2006, Article 1, paragraph 2, of Authority Decision No. 626/07/CONS, Article 5, paragraph 2 of the Authority Decision No. 645/06/CONS and Article 12-ter of Authority Decision No. 136/06/CONS, in relation to regulatory proceedings under Authority Decisions Nos. 626/07/CONS, 133/08/CONS, 145/08/CONS, 183/08/CONS and 184/08/CONS, and infringement proceedings Nos. 4/07/DIR, 1/08/DIR, 2/08/DIR, 63/07/DIT, 2/08/DIT, 3/08/DIT and 7/08/DIT.

In any event, Telecom will enforce Undertakings Nos. 11-14 if the Authority approves them in accordance with Article 12-ter of Authority Decision No. 136/06/CONS, in order to dismiss the above infringement proceedings without any finding of infringements.