

PRESS RELEASE

TELECOM ITALIA: AGCOM DECISION IN CONTRAST WITH EU GUIDELINES, UNFAVOURABLE TO THE DEVELOPMENT OF THE NGAN NETWORK

Rome, 11 July 2013

The proposal for a reduction in wholesale access fees for the copper network (Local loop Unbundling services, bitstream naked, shared bitstream and Wholesale Line Rental), about which the Italian Communications Authority (AGCOM) Board today decided to inform the European Commission, has elements clearly in contrast with the European framework.

The AGCOM proposal stands in contrast to a strategy that, in recent years, has led to an alignment of the LLU fee of Telecom Italia to the weighted average of the major European countries (Germany, France, Spain and the UK), currently 9.29€/month. The proposal is, furthermore, completely contrary to European Commission Guidelines, which call for stability of the LLU fees, as well as the trends in the major Member States, whose Authorities have recently approved increased 2013 LLU fees compared to 2012 (Germany, France and Spain) or unchanged (United Kingdom).

AGCOM's decision will have to be examined by the European Commission to which the Company reserves the right to make its observations and if the decision is confirmed Telecom Italia will apply to the competent courts.

The reduction in copper access fees is in contrast with the Recommendation proposal of Commissioner Kroes which was given the green light today by the Member States convened in the COCOM (Communications Committee) and risks compromising the development of the new fibre networks.

Telecom Italia therefore hopes, that also in light of the opinion that will be communicated by the European Commission, AGCOM may reconsider its assessments of the 2013 access fees, safeguarding both competitive dynamics and incentives to invest in new fiber networks.

Telecom also feels that a proper balance between competition and investment, in line with the EU guidelines, must be at the basis of current market analysis to define copper and fiber access fees for the years 2014 - 2016, in which the pro competitive effects of the separation of the Telecom Italia access network, will be evaluated.

At this stage Italy needs both a commitment by the whole industry and regulatory policies, which, while safeguarding the existing competitive and employment market structures, will promote the acceleration of investment in new fiber networks needed to allow the country to reach the 2020 ultra broadband development goals of the Digital Agenda that represent, in the current situation, one of the main factors of economic growth and the creation of new jobs.



If today's measures by the Authority should be confirmed, the economic-financial impact on the Company would amount to about 110 million euros on an annual basis with respect to 2012.

The decision will have a material impact on Telecom Italia's accounts which will have to be assessed by the Board of Directors both with regards the impact on investment plans and the course of the access network spin-off; a project whose validity is confirmed, also in light of EU guidelines, but which the AGCOM decision puts at great risk.

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