

**VODAFONE ITALIA SUES TELECOM FOR UNFAIR COMPETITION**

**TELECOM SUSPENDS THE INTERCONNECTION DEAL WITH VODAFONE  
TO PREVENT THE LAUNCH OF THE NEW VODAFONE HOME FIXED-LINE NUMBER  
OFFERING**

Milan, 2 November 2006. Telecom has suspended the deal with Vodafone Italia concerning the opening up of the interconnection between its network and that of Vodafone Italia, in accordance with legal obligations ratified by the Electronic Communications Code, which requires operators to guarantee that all networks are interoperative.

Consequently, Vodafone Italia has today brought a legal action against Telecom for unfair competition at the Civil Court of Milan requesting:

- that the unlawfulness of Telecom's refusal to open up its network to Vodafone Italia be confirmed
- that Telecom be enjoined to conclude the interconnection agreement as provided for by law
- compensation for damages resulting from the dominant operator's anti-competitive conduct.

Vodafone Italia holds a fixed-line licence since 1999 and is therefore authorised to offer fixed-line telephony services on its own network, in full accordance with the principle of technological neutrality, which establishes that fixed-line telephony services may be offered independently of the access technology (that is, via copper duplex cable or any radio technology such as Dect, Wi-Fi, Gsm/UMTS or Wimax) within the bounds of each geographical district.

Telecom's conduct prevents the interoperativeness of telecommunication networks and is prejudicial to Vodafone's exercising its rights, as accorded with government approval. A situation that is all the more serious since Telecom, with a 78% share, is still the dominant operator in the vocal telephony services market and its conduct impedes the offering of competitive services.

The Vodafone Group and other operators are already offering services similar to Vodafone Casa Numero Fisso in other countries. In particular, these services are currently available in Germany and Portugal and will soon be launched in Hungary.

Vodafone Italia has already requested the Authority for Communication Guarantees to intervene urgently to attain the interconnection with the Telecom network. Further legal action aims to establish the anti-competitive nature of Telecom Italia's conduct as well as consequences with regard to compensation for damages.

Vodafone Italia brought a legal action against Telecom for abuse of dominant position in July 2006, requesting the inhibition of illegal conduct exercised by Telecom to consolidate its presence in the mobile telecommunications market, with the effect of excluding rival operators.