



OMNITEL PRONTO ITALIA: 1997 TURNOVER +145% AND THE COMPANY TURNS PROFITABLE IN THE SECOND SEMESTER OF THE YEAR. THE THREE MILLION CUSTOMERS THRESHOLD IS BROKEN DURING THE FIRST FEW MONTHS OF 1998

Milan, March 26, 1998

Omnitel Pronto Italia, Italy's first private GSM operator, announced today it has closed its 1997 fiscal year by exceeding all of its business and financial objectives. In 1997 the company's turnover has more than doubled reaching Lit.1,835 billion lire, a 145% increase over the Lit. 749 billion posted in 1996. Lit.1,549 billion came from the sale of services, a 213% increase over 1996.

The result before interests, taxes, depreciation, and amortization (EBITDA) was Lit.310 billion as compared to the negative result of Lit.-410 billion registered in 1996. Gross margin was up 337% to Lit. 1,132 billion as compared to Lit.259 billion posted in 1996.

Net results for the year show a loss of Lit. 140 billion, a significant reduction compared to the loss of Lit.589 billion posted in 1996. The loss for 1997, if compared to the Lit.172 billion loss posted in the first semester of 1997, clearly shows that Omnitel turned a profit of Lit.32 billion during the second semester of 1997. An important landmark that marks the transition from being a start-up to a well established company that generates profits. This is further confirmed by the results posted during the first few months of 1998.

During 1997 Omnitel's customer base has also shown a record growth: from 713,000 customers to 2,460,000. Today the company holds 3,100,000 subscribers to its service, another landmark in the company's history.

Employees have also grown reaching 3,125 at the end of 1997, an average of over 100 new employees every month. 80% of the company's employees have a high school diploma, 20% are university graduates, 48% are men while the remaining 52% are women.

During 1997 Omnitel continued its strong investment policy with investments totalling Lit.700 billion, thus bringing the company's overall investment since 1994 to Lit.4,000 billion.

Network deployment continued at an accelerated pace throughout the year and at the end of 1997 the network reached 83% of landmass coverage with 2,440 radiobase stations installed. At the beginning of March 1998, network coverage reached 85% of the Italian territory equivalent to 98% of the population.

In terms of market share, Omnitel closed 1997 with a 33% share of all new cellular clients, reaching 40% in the fourth quarter of 1997. The first few months of 1998 confirm this trend.

Service quality and innovation have been two of the key contributing factors to the success of Omnitel. Quality of service is also the result of the company's commitment to employee training: over 27,000 training days carried out, an average of 10 hours per Omnitel employee.

Omnitel's Customer Service has been recognised by Teleperformance which awarded Omnitel, the only telecommunications company in Europe, a prize for the quality of service. Similarly, the company's sound financial management has been recognised by Project Finance International, the

leading international magazine, which awarded Omnitel its "Deal of the Year" award for telecommunications for its Lit.2,800 billion project deal.

The commitment to the quality of the network infrastructure continues to be high with continuous network monitoring using the most advanced technologies such as for example Q-Voice, a technology that allows Omnitel maintenance personnel to continuously monitor different aspects of network quality.

Innovation has been a distinctive aspect of the company's operations both in terms of new products and in using innovative pricing strategies. One of the best examples is represented by international calls drastically cut by Omnitel thus enabling customers to call Europe and the USA at prices which are lower than the market average. A pricing strategy which has been primarily targeted to business customers which, with the Valore 50 pricing plan can make calls to New York or London at only Lit.395 per minute. Individual users have been able to benefit from the introduction of Omnitel's rechargeable GSM card with cash display and from the introduction of City, the first plan for urban calls. Finally, corporate users have welcomed the introduction of Omnitel's RAM (Mobile Corporate Network) which has already met with great success and become a point of reference for the market place.