



FROM JANUARY 1, 2003 VODAFONE OMNITEL TO SWITCH TO TELECOMMUNICATIONS SECTOR LABOUR CONTRACT

No change for Company's 10,000 employees

Rome, October 1, 2002 - From January 2003 Vodafone Omnitel is to apply the new Collective Labour Contract for the Telecommunications sector.

The various trade union confederations (CGIL, CISL and UIL) and engineering workers' organisations (FIM, FIOM and UILM) have already been informed, as have delegates representing the unions as a whole, *Federmeccanica* (the Italian Engineering Workers' Federation) and the various business associations.

The Collective Labour Contract for the Telecommunications sector was introduced on June 28, 2000 in order to meet the need, expressed by CGIL, CISL and UIL and by *Confindustria* (the Confederation of Italian Industry), of a specific contract governing workers employed by telecommunications companies, given the particular technological and market contexts in which such companies operate. The new contract was immediately applied by the majority of existing companies in the sector, and has been adopted by the new telecom and Internet operators established over recent years.

Vodafone Omnitel believed it right to await the normal expiry of the pre-existing contract, in order to respect the contractual undertakings given to the engineering workers' unions, who have accompanied the business over its crucial, first eight years, with clearly satisfying results.

Over these eight years, the Company's relations with the engineering unions have proved constructive and open. The contract applied to the almost 10,000 workers employed by Vodafone Omnitel was integrated and adapted on several occasions in order to meet the needs of a modern telecommunications company, which are obviously very different from those of an engineering business.

The switch to the telecommunications sector contract is not expected to entail substantial changes for the Vodafone Omnitel Group's 10,000 employees, as the Company intends to maintain the previously agreed pay conditions.

Both salary scales and pay are to be adopted in the new contract, whilst the need to bring the current conditions into line with the new contract are to be dealt with together with the trade unions, as part of the an appropriate harmonisation process.