Free cash flow breakeven in the first quarter
FASTWEB: first quarter 2007 revenues at 353.9 million euro (+22% YoY)
EBITDA up 34% YoY at 121 million euro
EBITDA margin at 34%

- 1,150,400 clients at the end of March 2007, +45% YoY
- Revenues rise to 353.9 million euro, +22% YoY
- EBITDA at 121 million euro, +34% YoY
- EBITDA margin increases from 31% to 34% in January-March
- Net result improves by 28%
- Free cash flow breakeven in the first quarter 2007
- Net debt stable at 1,076 million euro as at 31 March 2007
- 22.6% of capital tendered to Swisscom public tender offer

****

Milan, 11 May 2007 – The Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed telecommunications services provider, today approved the results for the first quarter to 31 March 2007.

The company reported further growth in **consolidated revenues,** which amounted to 353.9 million euro in the first quarter, up 22% from 289 million euro in equivalent period 2006.

Margins also improved. FASTWEB's **consolidated EBITDA** for the January-March quarter was 121 million euro, up 34% from 90.1 million euro in the first quarter 2006. The EBITDA margin was 34%, compared with 31 % in the first quarter last year.

Revenues and EBITDA are in line with the company growth projections and with the business trend, which accelerates in the second half of the year. In addition, some of the main contracts acquired in 2006 will contribute to revenues progressively over the year.

The contribution of first quarter revenues and EBITDA to full year targets is consistent with the performance in previous years.

Consolidated EBIT improved from a negative result of 28.9 million euro in the first quarter 2006 to a loss equal to 3.1 million euro, thanks to EBITDA growth more than compensating the increase in depreciation, amortization and provisions charges, which totaled 124 million euro in the first quarter 2007.

Financial charges were equal to 17.4 million euro, compared with a net charge of 8.5 million euro in the first quarter 2006. Such increase was largely the result of higher net debt that was due, in turn, to the pay-out of approximately 300 million euro from reserves in October 2006.

FASTWEB's **consolidated net result** for the quarter improved 28% compared to the net loss of 28.8 million euro in the first quarter 2006.

Capital expenditure in the first three months totaled 135.3 million euro. A significant amount was related to new client activations. It also included an additional component to provide voice and data services to the Public Administration under the terms of the CONSIP and CNIPA contracts awarded to FASTWEB last year.

Net debt stood at 1,076.2 million euro as at 31 March 2007, from 1,081.3 million euro at the end of 2006. **Free cash flow** in the quarter was positive by 4.3 million euro, a significant improvement on the negative cash flow of 119.3 million euro in the first quarter 2006. Therefore, the trend begun at the end of 2006, when FASTWEB reported its first positive free cash flow, was confirmed.

The total number of **clients** stood at 1,150,400 as at 31 March 2007, from 1,062,400 at the end of 2006, representing a 45% increase. The 88,000 new subscribers in the quarter, compared with 80,000 acquisitions in the equivalent period 2006, reflect FASTWEB's commercial success in all market segments.

The split **between residential** and **business** customers was unchanged at the end of March, standing at 84% and 16% respectively. Residential revenues accounted for 42% of total revenues, business revenues for 58%. The latter included contribution from wholesale and IRU sales, which accounted, respectively, for 13% and 4% of total revenues.

Residential **ARPU** (Average Revenues Per User) stood at 762 euro on an annualized basis, compared with 797 euro in December. The decrease, in line with management expectations, was partially related to the lower contribution of video services, as the business agreement with SKY came into effect in March. The decrease was also due to the gradual impact of the new commercial options introduced last September.

Order intake relating to FASTWEB's contracts with the **Public Administration** continued during the quarter. The CNIPA order portfolio (data services) is fully in line with expectations, while a delay has developed with regards to the CONSIP portfolio (voice services), due to the uncertainty of the legal framework fuelled by Telecom Italia various appeals. The sentence issued by *TAR del Lazio* (Administrative Tribunal) last Wednesday, confirming the final outcome of last year PA bids, has definitively removed such uncertainty. The two contracts started generating revenues in the first quarter, and will progressively account for increasing amounts as the year progresses.

At the end of the first quarter of 2007 the Group had 3,434 employees, compared with 3,364 as at 31 December 2006.

Swisscom public tender offer

The Board of Directors was informed on 12 March 2007 by Swiss operator Swisscom that it intended to make a voluntary public tender offer for 100% of FASTWEB shares at a price of 47 euro per share.

In view of the friendly nature of the bid and of the conclusions set out in the fairness opinion issued by its financial advisors, the Board of Directors ruled in favor of the public tender offer on 26 March.

Specifically, the Board expressed a positive opinion on the undertakings assumed by Swisscom in terms of the potential synergies and of the growth opportunities that the integration of the two operators would create, of the operational and organizational independence FASTWEB would preserve and of the introduction of mutual exchanges of management and technical personnel.

The tender offer period will terminate 5.30 p.m. (Italian time) on 15 May. A number of shares representing 22.6% of FASTWEB share capital had been tendered as of yesterday evening.

New financing contract

FASTWEB arranged a new **long-term financing contract** in March 2007, with final expiry on 30 June 2012. The new financing will enable FASTWEB to draw an amount up to 1,600 million euro under improved terms and conditions compared to the previous facility, consistently with the increased maturity and soundness of Group activities.

The contract provides for a 700 million euro long-term credit line and two revolving credit facilities for 700 and 200 million euro respectively.

Distribution of reserves

The Shareholders' Meeting convened on 23 March approved a 3.77 euro per share pay-out from reserves, for a total amount of approximately 300 million euro. Payment will take place in October, with ex-dividend date on 22 October and payment date on 25 October 2007.

The distribution of share premium reserve does not constitute taxable income for the beneficiary, since it must be set against the fiscally recognised cost of the shares.

For more information:

Maria Laura Sisti
Marina Gillespie
Press Office
T: +39 02 4545 4370
T: +39 02 4545 2465
marialaura.sisti@fastweb.it
marina.gillespie@fastweb.it

Paolo Lesbo
Analysts & Investors
T: +39 02 4545 4308
F: +39 02 4545 2333
paolo.lesbo@fastweb.it

Consolidated Income Statement - First Quarter 2007 (€ Mln)

	1Q 2007	4Q 2006	% change	1Q 2006	% change
Consolidated Revenues from Operations	**353.9**	**362.5**	*(2.4%)*	**289.0**	*22.5%*
Other Income	13.4	21.4		11.2	
Operating Expenses	(246.3)	(255.8)		(210.0)	
EBITDA	**121.0**	**128.1**	*(5.6%)*	**90.1**	*34.2%*
EBITDA Margin (%)	*34.2%*	*35.3%*		*31.2%*	
Depreciation, amortization and write-downs	(124.0)	(143.0)		(119.0)	
EBIT	**(3.1)**	**(14.9)**	*79.2%*	**(28.9)**	*89.3%*
EBIT Margin (%)	*(0.9%)*	*(4.1%)*		*(10.0%)*	
Net Financial Income / (Expenses)	(17.4)	(48.3)		(8.5)	
Net Taxes	(0.3)	3.8		8.6	
Consolidated Net Loss	**(20.7)**	**(59.4)**	*65.1%*	**(28.8)**	*28.0%*
	(5.9%)	*(16.4%)*		*(10.0%)*	

Consolidated Balance Sheet - 31/03/2007 (€ Mln)

	March 31 2007	December 31 2006	March 31 2006
Cash and Deposits	71.2	54.9	109.3
Net trade receivable	408.2	373.5	370.1
Other current receivable	214.4	234.8	239.0
Inventories and other current assets	6.0	6.4	5.4
Total Current assets	**699.7**	**669.6**	**723.8**
Net tangible assets (PP&E)	1,754.5	1,708.3	1,595.7
Net intangible assets	414.0	414.1	391.2
Net financial assets	3.2	3.3	2.8
Other non current receivable	397.9	400.0	357.0
Total Fixed assets	**2,569.5**	**2,525.7**	**2,346.7**
Total Assets	**3,269.2**	**3,195.3**	**3,070.5**
Trade payable	551.7	474.0	455.2
Other payable	536.2	234.6	188.2
Employees' entitlements fund	23.1	21.4	17.1
Financial debt	1,147.3	1,136.2	691.8
Total Liabilities	**2,258.4**	**1,866.2**	**1,352.3**
Share capital & Reserves	1,031.5	1,452.8	1,747.0
Net income / (loss) for the period	(20.7)	(123.6)	(28.8)
Total Group share of shareholders' equity	**1,010.8**	**1,329.2**	**1,718.2**
Total Liabilities and Shareholders' Equity	**3,269.2**	**3,195.3**	**3,070.5**

Consolidated Cash Flow Statement - First Quarter 2007 (€ Mln)

	1Q 2007	4Q 2006	1Q 2006
Group share of Net Loss	**(20.7)**	**(59.4)**	**(28.8)**
Non cash Adjustment	96.5	128.1	87.4
Change in Minority Interest Capital	0.0	0.0	0.0
Gross Operating Fund generation	**75.8**	**68.8**	**58.6**
(Incr.) / Decr. accounts receivable	(10.2)	(32.1)	(25.2)
Incr / (Decr.) accounts payable	74.0	140.5	(49.2)
Change in working capital	**63.8**	**108.4**	**(74.5)**
(Purchase)/Disposal of assets: Tangibles	(116.8)	(142.2)	(79.8)
(Purchase)/Disposal of assets: Intangibles	(18.5)	(32.3)	(16.1)
(Purchase)/Disposal of assets: Financials	(0.0)	(0.1)	(7.6)
Total (purchase)/disposal of assets	**(135.3)**	**(174.5)**	**(103.5)**
Net Operating Fund generation	**4.3**	**2.6**	**(119.3)**
Increase/(Decrease) in Share Capital & Reserve	**2.5**	**(294.3)**	**5.9**
Other non Cash Adjustment	**(1.6)**	**(30.4)**	**0.0**
Net Financial Position at beginning of period	**(1,081.3)**	**(759.1)**	**(469.1)**
Net Financial Position at end of period	**(1,076.2)**	**(1,081.3)**	**(582.5)**
Cash and Pledge accounts	*71.2*	*54.9*	*109.3*
Financial debts	*(1,147.3)*	*(1,136.2)*	*(691.8)*