

FASTWEB: disclosure of 2008 guidance following the AGCOM resolution on termination rates

Another year of solid industrial growth

Milan, 21 December 2007 – Following the AGCOM resolution regarding FASTWEB's request for a waiver from the application of standard termination rates, the Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB) met to evaluate impacts on 2007 guidance and to approve the 2008 budget.

In accordance with the principle of asymmetry on termination introduced by the Authority since 2003, AGCOM authorised FASTWEB to charge a rate equal to 2.6 euro cent per minute for terminating voice calls on its network for the period from 4th August 2006 to 30th June 2007 (the applicable period).

The guidance provided below is based on the assumption that the rate just set by AGCOM for the applicable period will follow a glide path after 30th June 2007 and will eventually converge with the rate set for Telecom Italia at the end of 2010.

Impacts of AGCOM ruling on 2007 guidance

Following the AGCOM ruling that authorises FASTWEB to charge a rate equal to 2.6 euro cent per minute for terminating voice calls on its network for the applicable period, the forecast for full year 2007 revenues and EBITDA is adapted as follows:

- Revenues at approximately 1,430 million euro. This amount implies a 14% growth versus 2006 and a reduction of 20 million euro compared to previous guidance.

Core revenues (residential and business) are expected to grow approximately 22% compared to 2006, while revenues from low-margin wholesales business are expected to decline approximately 36%.

- EBITDA at approximately 480 million euro (including 43.5 million euro of extraordinary items reported in the second quarter largely related to the successful litigation against Telecom Italia). This amount implies a 59% growth versus 2006 and is unchanged versus previous guidance.

There is also a positive cash impact equal to approximately 50 million euro. This amount will contribute to the free cash flow generation in 2008.



2008 Guidance: another year of solid industrial growth

Following the AGCOM resolution, the Board of Directors approved the budget for next year. 2008 will be another year of solid growth of all key operational parameters.

In particular:

- revenues are expected at approximately 1,640 million euro, with a 15% growth versus 2007. The growth will be driven by core activities (residential and business), while the low-margin wholesales business is expected to represent less than 10% of overall revenues;
- EBITDA is expected at approximately 530 million euro, with a 21% growth compared to the 2007 organic EBITDA (net of extraordinary items). EBITDA margin will also grow significantly to approximately 32% of revenues versus 30% forecast in 2007, confirming the high operating leverage and profitability of FASTWEB's business model;
- net result is expected at break even;
- capex are budgeted equal to approximately 425 million euro;
- positive free cash flow.

FASTWEB's strategy in 2008 will focus on the consolidation of the competitive advantage the Company has in terms of innovation, technology and quality and will be based on the following priorities:

- maximising broadband penetration both in directly covered areas (50% of the market) and in areas covered through bitstream technology;
- further consolidating its position as a quality leader on the Italian residential market, by leveraging on its superior broadband services and on its IPTV services;
- confirming its current position as the main competitor of Telecom Italia in the corporate segment and increasing FASTWEB's market share by maintaining excellence on IP VPN and IP Centrex solutions;
- launching of mobile services in the second half of 2008, following the MVNO agreement signed with 3 Italia on 6 December. Revenues and EBITDA impacts of the launch of mobile services will not be material in 2008. Overall capex to develop and integrate the new mobile service platforms with FASTWEB broadband network will be limited to approximately 20 million euro (mainly booked in 2008), as the Company will capitalize on previous investments and on the services already developed for its 1.25 million fixed network clients.



Additional disclosure of 2008 operating drivers will be provided during the Swisscom capital market event that will be held during the first quarter of next year.

For further information please contact:

Maria Laura Sisti
Press Office
T: +39 02 4545 4370
F: +39 02 4545 6063
marialaura.sisti@fastweb.it
Marina Gillespie
T: +39 02 4545 2465

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