Pirelli Cavi e Sistemi buys 1% stake in e.Biscom

Strategic alliance between e.Biscom and Pirelli

Pirelli and e.Biscom will develop new Internet Video access solutions

Milan, 18 April 2001 – Pirelli Cavi e Sistemi S.p.A. and e.Biscom S.p.A. today signed a co-operation agreement which, among other things, will allow the joint development of new fibre-to-the-home Internet and Internet Video access solutions.

The strategic alliance between the two groups also provides for Pirelli Cavi's entry as an e.Biscom shareholder with a 1% equity stake, after e.Biscom's partners provided the stock necessary for the acquisition. The acquisition involves a total outlay of approximately € 48.7 million for the purchase of 484,500 e.Biscom shares at a price of €100.66 per share, the average share price for February, March and April this year.

Commenting on today's announcement, **Marco Tronchetti Provera**, Chairman and Chief Executive Officer of Pirelli, said: "This operation conceived in Milan with a strong international dimension confirms our intention to invest in the businesses we believe in and in which we have a direct interest. . We believe this partnership between two leaders in broadband telecommunications technology will fuel major innovations enabling all users to benefit from the advantages and opportunities of the Internet Video."

"Universal, Ap, Stream, HanseNet, Rai and now Pirelli. The continuation of e.Biscom's high-profile alliance strategy confirms the importance of an industrial programme that is proceeding as planned and is changing people's way of life in Italy, beginning with Milan, and in Hamburg, where our services are also provided," said **Francesco Micheli,** Chairman of e.Biscom . "By broadening our partnership, the strategic alliance with Pirelli demonstrates the validity of agreements among the established industrial groups and new companies with leading-edge technological capabilities."

Under the terms of the agreement, e.Biscom will provide all the companies in the Pirelli Group, on a non-exclusive basis and at market conditions, with connectivity for Internet access and implementation of new links and services in the geographical areas in Italy and Europe covered by the e.Biscom network infrastructure. Additionally, e.Biscom will buy the necessary fibre optic cables from Pirelli at market conditions and Pirelli will develop new distribution products and systems of interest for e.Biscom.

The two partners will also create a joint team of researchers who will study market developments with a view to identifying, developing and implementing new products and solutions. Specifically, e.Biscom will also be responsible for the beta testing of all fibre-to-the-home and Internet access innovations, and will enjoy exclusive rights for one year for the purchase of Pirelli products in Italy and Germany; during this period e.Biscom will buy those equipments exclusively from Pirelli at market conditions.

The five-year agreement also provides for the two companies to co-operate on future fibre-to-the-home investments outside Italy and on networking services of the second generation. Pirelli will have the right to join any corporate initiative e.Biscom may form outside Italy, with the exception of Germany, where e.Biscom already owns 80% of HanseNet, the main alternative telecommunications operator to Deutsche Telekom in the Hamburg region. On the other hand, e.Biscom may take part in any future investments Pirelli may make in e.Biscom's areas of competence.

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