

PRESS RELEASE

STET International and Mobilkom Austria form strategic partnership

STET Group, through its subsidiary STET International will acquire 25% of the share capital of Mobilkom Austria AG, the mobile telecommunications subsidiary of the national Austrian postal and telecommunications company, Post und Telekom Austria AG (“PTA”). STET International is the company of the STET Group responsible for the international activities. The entire transaction is subject to EU Commission approval.

Mobilkom Austria was formed as a separate subsidiary of PTA in October 1996. Mobilkom operates two analogue networks (NMT 450 and TACS 900) with together approximately 280,000 subscribers and a GSM network with approximately 400,000 subscribers. Mobilkom also operates two paging systems with 100,000 subscribers.

STET International was selected as strategic partner of Mobilkom Austria through a formal tender process initiated 20 months ago, when Mobilkom was formed as a profit centre within PTA. At that time a second GSM license was auctioned by the Austrian Ministry of Public Economy and Transport.

PTA has been advised by UBS Union Bank of Switzerland in the formation of Mobilkom Austria and in the strategic partner selection process.

For PTA, the selection of a strategic partner for Mobilkom Austria will mark a milestone in its progress to the Initial Public Offering planned for 1999.

On 4 April, the four international bidders who qualified for the final round submitted binding offers for the Mobilkom stake to PTA. The Management Boards of PTA and Mobilkom have judged the STET offer as the best offer, based on the price offered and the synergies originated by the technical cooperation agreement signed by Mobilkom Austria and Telecom Italia Mobile (“TIM”).

STET has mobile telecommunications operations in Greece, France, the Czech Republic, Argentina, Chile, Bolivia, India and China. In addition, STET is an owner of Iridium, a satellite system which will provide mobile communications.

STET controls TIM, the largest mobile operator in the world among its publicly traded peers, with an equity market capitalisation of approximately USD 23bn. With over 6 million customers (of which 3.7 million are on its analogue TACS 900 network and 2.4 million on its GSM network) it is the biggest mobile operator in Europe. It is regarded as a front runner in technological and market innovation. TIM has a market share of 88% in Italy where the market penetration is above 12%.

TIM will provide its experience of operating in a competitive market environment and assist Mobilkom in strategic areas, including marketing, customer care, network planning and rollout. TIM will provide senior management and training support and will also grant access to its product development activities. The experience, the activities and the financial strength of STET will support Mobilkom in implementing its international strategy.

With a total of approximately 700,000 mobile phone users and a population of 8 million, Austria currently has a market penetration of 8.75% in a rapidly growing market. The corresponding penetration rate in the fixed line network is 48%.

Mobilkom Austria has a market share of approximately 93% in the digital market and more than 95% overall. A second GSM operator was granted a license in December 1995 and started operations in mid 1996.

Vienna and Rome, 23 April, 1997

**PTA invites you to a press conference today at 9:30 a.m. at the Hotel Bristol,
Kärntnerring 1, 1010 Vienna**

Post und Telekom Austria AG, Wien

STET International S.p.A., Rome

For more information:

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