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APR 27 1999

NEW YORK OFFICE  
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NEW YORK, NY 10022

April 26, 1999

**BY OVERNIGHT DELIVERY**

Ms. Magalie Roman Salas, Esq  
Secretary

Federal Communications Commission  
International Bureau Telecommunications Division  
P.O. Box 358115  
Pittsburgh, PA 15251-5115

Streamlined  
TELEMEDIA INTERNATIONAL, U.S.A., INC.

ITC-T/C-19990427-00282

Re: **Application of Olivetti S.p.A. for Transfer of Control of Authorization(s)  
Indirectly Held by Telecom Italia S.p.A., Pursuant to Section 214 of the  
Communications Act of 1934, As Amended**

Dear Ms. Salas:

Enclosed for filing with the Commission are an original and six (6) copies of the application of Olivetti S.p.A. requesting authority to transfer control of the authorization(s) indirectly held by Telecom Italia S.p.A., pursuant to Section 214 of the Communications Act of 1934, as amended.

As required by the Commission's Rules, a check in the amount of \$780.00 is enclosed. Please date-stamp the extra copy of this application and return it in the enclosed self-addressed, stamped envelope. Any questions regarding the enclosed application should be addressed to the undersigned.

Respectfully submitted,

  
Jean L. Kiddoo  
Patrick J. Whittle

Counsel for Olivetti S.p.A.

Enclosures

cc: Troy Tanner (FCC)  
Susan O'Connell (FCC)

279345.1

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of )  
 )  
 )  
Application of Olivetti S.p.A. for Transfer )  
of Control of Authorization(s) Indirectly Held ) File No. \_\_\_\_\_  
by Telecom Italia S.p.a., Pursuant to Section 214 )  
of the Communications Act of 1934, )  
As Amended )  
 )

**APPLICATION FOR TRANSFER OF CONTROL**

Olivetti S.p.A. ("Olivetti" or "Applicant" or "Transferee"), by its undersigned counsel, and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 (1982) (the "Act"), and Section 63.18 of the Commission's Rules, 47 C.F.R. § 63.18 (1998), hereby requests approval for a transfer of control of the international authorization held by Telemedia International, U.S.A., Inc. ("Telemedia"), and indirectly held by Telecom Italia S.p.A. ("Telecom Italia" or "Transferor") to Olivetti ("Application"). Olivetti currently does not possess authority to provide U.S. international telecommunications services pursuant to Section 214 of the Act.

Recently, Olivetti announced that it was commencing an unsolicited takeover bid for all the issued and outstanding shares of Telecom Italia. Olivetti intends to notify the shareholders of Telecom Italia of the precise terms and conditions of Olivetti's offer ("Tender Offer") on or about April 30, 1999. If Telecom Italia shareholders tender a sufficient number of shares, the tendered Telecom Italia shares will be transferred to Olivetti. Given the extreme time sensitivity of this transaction and the need to harmonize the regulatory approval process with the requirements of foreign laws, Applicant respectfully requests expeditious treatment of this Application for approval

to transfer control. Concurrent with this Application, Olivetti is filing a request for Special Temporary Authority ("STA") to permit the Applicant to transfer control of the Section 214 authorization(s) indirectly held by Telecom Italia while this Application is pending.

The Application is entitled to streamlined processing pursuant to Section 63.12(c)(1)(i) of the Commission's Rules, 47 C.F.R. § 63.12(c)(1)(i). Telemidia's authorization to resell international service expressly excludes authority to provide international service between the United States and Italy. Given that Italy is not a destination country and that neither Olivetti nor any of its affiliates possesses a 50 percent or greater market share of the local or inter-city access markets or the international transport market in any destination country, Applicant qualifies for the presumption of non-dominance pursuant to Section 63.10(a)(3) of the Commission's Rules, 47 C.F.R. § 63.10(a)(3). Accordingly, this Application is eligible for streamlined processing.

As described in greater detail herein, approval of this Application will help permit Olivetti and Telecom Italia realize significant efficiencies that will increase the competitiveness of the combined companies. Accordingly, grant of this Application is in the public interest.

Applicant submits the following information in support of this Application:

## **I. THE PARTIES**

### **A. Olivetti S.p.A.**

Olivetti, incorporated as a joint stock company in Italy in 1908, provides telecommunications and information technology services through its subsidiaries. Although initially formed as a typewriter company, Olivetti consistently recognized the opportunities offered by rapidly advancing technologies and formulated its strategies and initiatives to capitalize on them. As a result, Olivetti has become one of the leading providers of telecommunications, innovative information technology



solutions and services, and office and consumer information technology products in Italy. With its principal offices located at Via Jervis 77, Ivrea, Italy, Olivetti is listed on the electronic trading system of the Italian Stock Exchange and on the Brussels and Frankfurt Stock Exchanges.

Olivetti conducts its telecommunications operations through OliMan Holding, B.V. ("OliMan"), a joint venture company formed by Olivetti and Mannesmann AG ("Mannesmann"), Germany's largest mobile telecommunications company, in late 1997 to manage and expand the two group's Italian telecommunications investments. Olivetti holds 50.1 percent of OliMan's issued shares and Mannesmann holds the remaining 49.9 percent. OliMan currently owns a 67 percent stake in Omnitel Sistemi Radiocellulari Italiani S.p.A., which, in turn, holds a 70 percent interest in Omnitel Pronto Italia S.p.A. ("Omnitel"), a GSM mobile communications operator in Italy. In addition, OliMan owns 100 percent of Infostrada S.p.A. ("Infostrada"), a wireline telecommunications provider in Italy. In the event that the proposed acquisition is successful, however, Mannesmann will acquire from Olivetti interests in both Omnitel and Infostrada.

**B. Telecom Italia S.p.A.<sup>1</sup>**

Telecom Italia, one of the world's largest fixed telecommunications operators, is incorporated as a joint stock company under the laws of Italy. The principal executive offices of Telecom Italia are located at Via Bertola, 34, 10122, Torino, Italy. In Italy, Telecom Italia, the former incumbent, has been subject to competition in many telecommunications service sectors since 1990. On January

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<sup>1</sup> The information regarding Telecom Italia set forth in this section is based on information made publicly available by Telecom Italia. Although Olivetti has no knowledge that would indicate that the information contained herein in reliance on publicly available information is inaccurate or incomplete, Olivetti was not involved in the preparation of such information, and therefore is not in a position to verify any such information or statements.

1, 1998, Telecom Italia's exclusive right to provide fixed voice telephony services and to operate public telecommunications networks expired, and thus it has faced competition in these market sectors as well for over a year. In addition to its wireline operations, Telecom Italia, through its subsidiary Telecom Italia Mobile S.p.A, is also one of the largest mobile telecommunications operators in Europe. With significant international telecommunications investments in Europe and Latin America, Telecom Italia and its consolidated subsidiaries also provide data communications services, satellite telecommunications services, and information technology software and services. Olivetti understands that Telecom Italia is currently developing a broadband network capable of supporting advanced telecommunications and multimedia services.

Telecom Italia indirectly holds a Section 214 certification. Telemedia International USA, Inc. ("Telemedia"), a Delaware corporation, is a wholly owned subsidiary of Telemedia International, Ltd. ("Telemedia U.K."), a corporation organized under the laws of the United Kingdom that provides enhanced communications services in the U.K. and between the U.K. and various international points. Telemedia U.K., in turn, is a wholly-owned subsidiary of Telecom Italia. Telemedia currently holds authority to provide resold telecommunications services between the United States and international points pursuant to Section 214 of the Act.<sup>2</sup> Specifically, Telemedia holds Section 214 authority to resell: (1) international switched services; (2) non-

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<sup>2</sup> *Telemedia International USA, Inc.*, FCC File No. ITC-95-587, DA 96-859, 11 FCC Rcd. 6651 (1996). To the best of Olivetti's knowledge, information and belief, this is the only authorization from the Commission held by Telecom Italia, directly or indirectly. To the extent Telecom Italia may have any other authorization(s), Olivetti hereby requests permission to transfer control of such authorization(s) as well. Olivetti will inform the Commission promptly if it becomes aware of such other authorization(s).

interconnected private lines; and (3) interconnected private lines to provide switched services. Telemedia's Section 214 certification excludes the authority to provide service to and from Italy.

## II. THE TRANSACTION

Olivetti intends to acquire all or substantially all of the issued and outstanding ordinary shares of Telecom Italia through an unsolicited Tender Offer (which is not being made in the United States) for all of the ordinary shares of Telecom Italia pursuant to Italian law and regulations. The Tender Offer is to be launched jointly by Olivetti and Technost S.p.A. ("TC"), a company controlled by Olivetti, on or about April 30, 1999. TC is listed on the Italian Stock Exchange and approximately 97 percent of its issued share capital is held, directly or indirectly, by Olivetti.

The Tender Offer will be conditioned, among other things, upon Olivetti and TC receiving acceptances from Telecom Italia shareholders in sufficient numbers such that the aggregate holding of TC and Olivetti in Telecom Italia is at least 67 percent of Telecom Italia's ordinary shares. Assuming that the conditions to the Tender Offer are met or waived, Olivetti intends to effect a corporate restructuring that may include a merger between TC and Telecom Italia into a single company. It is expected that any such merger could occur six to nine months after the Tender Offer settlement date. If the Tender Offer succeeds, Mannesmann will acquire from Olivetti interests in Omnitel and Infostrada. Olivetti has already received the approval of the relevant European regulators, including the European Union commission in charge of concentrations, on April 22, 1999.



### III. PUBLIC INTEREST CONSIDERATIONS

Olivetti respectfully submits that the Commission's approval of this request for transfer of control will serve the public interest, convenience and necessity. This transaction will be transparent and seamless to Telemedia customers who will continue to have the opportunity to purchase the same high quality services at the same rate levels that they currently purchase from Telemedia. Moreover, the competitive, entrepreneurial spirit and experience of Olivetti that has served as the hallmark of its success, combined with resources and infrastructure of Telecom Italia will allow Olivetti to maximize the competitive use of the authorization. There will be no reduction to present or potential U.S. competition, since Olivetti is not in the U.S. telecommunications market today, and currently has no plans to enter it other than through this acquisition. Accordingly, this transaction will ultimately inure to the benefit of U.S. international telecommunications customers.

### IV. INFORMATION REQUIRED BY SECTION 63.18

Pursuant to Section 63.18(e)(5) of the Commission's Rules, 47 C.F.R. § 63.18(e)(5), the Applicant submits the following information:

(a) Names, addresses and telephone numbers:

Transferor: Telecom Italia S.p.A.  
Via Bertola, 34  
10122 Torino, Italy  
Tel: 011 39 011 55951

Transferee: Olivetti S.p.A.  
Via Jervis 77  
Ivrea, Italy  
Tel: 011 39 0125 6230

(b) Jurisdiction of Incorporation:

Transferor: Telecom Italia is incorporated as a joint stock company under the laws of Italy.

Transferee: Olivetti is incorporated as a joint stock company under the laws of Italy

(c) Correspondence regarding this Application should be sent to:

For Transferor: Due to the nature of the transaction, Olivetti cannot provide the name of the appropriate contact person at this time. Olivetti will notify the Commission as soon as Olivetti obtains this information.

For Transferee:

Jean L. Kiddoo, Esq.  
Patrick J. Whittle, Esq.  
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
Tel: (202) 424-7500  
Fax: (202) 424-7645

with a copy to:

Serena Romano, Esq.  
Chief European Legal Counsel  
Olivetti S.p.A.  
1, Place Madou  
1210 Brussels  
Belgium  
Tel: 011 32 2 229 9050  
Fax: 011 32 2 229 9054

(d) Previous Section 214 authorizations are as follows:

Transferor: Telecom Italia has not previously received authority under Section 214 of the Act. However, Telemedia International USA, Inc., Telecom Italia's indirect subsidiary, holds a Section 214 authorization from the Commission to resell global telecommunications services between the U.S. and international points, except Italy. See *Telemedia International USA, Inc.*, ITC-95-587, DA 96-859, 11 FCC Rcd 6651 (1996). While Applicant has attempted to obtain from the



Commission's public records a complete list of the international authorizations of Telecom Italia and its subsidiaries, Applicant is unable at this time to confirm that this listing represents a full compilation of Telecom Italia's authorizations and their respective licensees, since Telecom Italia has not endorsed the Tender Offer and Telecom Italia's management has not participated in or reviewed the license compilation. Accordingly, Applicant respectfully requests that the Commission deem this Application to encompass all international authorization(s) held by Telecom Italia or its affiliates.

Transferee: To the best of Olivetti's knowledge, neither Olivetti S.p.A. nor any of its subsidiaries have previously received authority under Section 214 of the Act.

(e)(5) In this Application, Applicant seeks prior approval of a transaction that will constitute a transfer of control of Telecom Italia's indirect international authorization(s) to Olivetti.

(f) Not applicable.

(g) Not applicable.

(h)(1) Olivetti certifies that it is not a foreign carrier, but that it is affiliated, as the term "affiliation" is defined in Section 63.18(h)(1)(i) of the Commission's Rules, 47 C.F.R., 63.18(h)(1)(i), with two foreign carriers. First, Olivetti is affiliated with Omnitel, a leading private GSM mobile telecommunications operator in Italy (a Member of the World Trade Organization).

Second, Olivetti is affiliated with Infostrada, Italy's largest alternative telecommunications operator for both commercial and residential wireline services. Infostrada's offerings include voice, data transmission, and Internet/Intranet services.

Neither Omnitel nor Infostrada hold a 50 percent or greater market share in Italy or in any other country. In the event that the proposed acquisition is successful, however, Mannesmann will acquire from Olivetti interests in both Omnitel and Infostrada.

(h)(2) Information regarding Olivetti's ten percent or greater direct and indirect shareholders is as follows:

Name:	Bell S.A.
Address:	7, Val Ste Croix Luxembourg
Citizenship:	Luxembourg
Percentage Held:	13.79%
Principal Business:	Holding company

Olivetti has no interlocking directorates to report.

(h)(3) Olivetti certifies that it is not affiliated within the meaning of Section 63.18(h)(1)(i) of the Commission's Rules, 47 C.F.R. § 63.18(h)(1)(i), with any dominant U.S. carrier whose facilities-based service it may resell (either directly or indirectly through the resale of another reseller's service).

(i) As required by Section 63.18(i) of the Commission's Rules, 47 C.F.R. § 63.18(i), Olivetti certifies that it has not agreed to accept, nor shall it accept in the future, any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows on any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market. Olivetti's certification is attached.

- (j) Olivetti certifies that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998. Olivetti's certification pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules, 47 C.F.R. §§ 1.2001 - 1.2003 (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301) is attached.
- (k) The Application is entitled to streamlined processing pursuant to Section 63.12(c)(1)(i) of the Commission's Rules, 47 C.F.R. § 63.12(c)(1)(i). Telemedia's authorization to resell international service expressly excludes authority to provide international service between the United States and Italy. Given that Italy is not a destination country, and that neither Olivetti nor any of its affiliates possess a 50 percent or greater market share in any destination country to affect competition adversely in the U.S. market, Applicant qualifies for the presumption of non-dominance pursuant to Section 63.10(a)(3), 47 C.F.R. § 63.10(a)(3). In addition, Olivetti is not affiliated, as that term is defined by Section 63.18(h)(1)(i) of the Commission's Rules, 47 C.F.R. § 63.18(h)(1)(i), with any dominant United States carriers whose international services it will resell. Accordingly, this Application is eligible for streamlined processing.



V. CONCLUSION

For the reasons stated above, Olivetti S.P.A. respectfully submits that the public interest, convenience and necessity would be furthered by a grant of this Application for Transfer of Control.

Respectfully submitted,

**OLIVETTI S.P.A.**

By:



Jean L. Kiddoo, Esq.  
Patrick J. Whittle, Esq.

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
Tel: (202) 424-7500  
Fax: (202) 424-7645

ITS COUNSEL

Dated: April 26, 1999

CERTIFICATION

On behalf of Olivetti S.p.A., and in accordance with Sections 1.2001-1.2003 of the Commission's Rules, 47 C.F.R. §§ 1.2001-1.2003, I hereby certify that Olivetti, S.p.A. is not subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. § 853a. I also hereby certify that the statements in the foregoing Application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

To the extent required by the Commission's Rules, Olivetti S.p.A. has not agreed to accept, nor shall it accept in the future, any special concessions, as defined by the Commission's Rules, directly or indirectly, from any foreign carrier or administration possessing sufficient market power to affect competition adversely in the U.S. market, with respect to traffic or revenue flows on any U.S. international route under the authority granted pursuant to Section 214 of the Communications Act of 1934, as amended.

Olivetti, S.p.A.

By:

Monaco

Name:

S. Romano

Title:

Chief European legal Counsel

Date:

4-26-99

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RECEIVED

May 27, 1999

MAY 27 1999

VIA COURIER

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Esq.  
Secretary  
Federal Communications Commission  
The Portals - TW-A325  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Application of Olivetti S.p.A. for Transfer of Control of Authorization(s) Indirectly Held by Telecom Italia S.p.A., Pursuant to Section 214 of the Communications Act, As Amended; Application of Olivetti S.p.A. for Special Temporary Authority to Transfer Control of Authorizations Indirectly Held by Telecom Italia S.p.A., pursuant to Section 214 of the Communications Act of 1934, as amended

Dear Ms. Salas:

On behalf of Olivetti S.p.A. ("Olivetti"), this is to confirm that Bell S.A. is the only entity holding a direct or indirect 10 percent or greater interest in Olivetti, as stated in Olivetti's above-referenced Section 214 application, filed on April 27, 1999. Specifically, Bell S.A. holds a 13.79 percent interest in Olivetti. The 10 percent or greater shareholders of Bell S.A., in turn, are as follows:

- **Fingruppo S.p.A.**, an Italian holding company, holds a 39.10 percent interest in Bell S.A.
- **GPP International S.A.**, a Luxembourg holding company, holds a 14.33 percent interest in Bell S.A.
- **Interbanca S.p.A.**, an Italian holding company, holds a 12.47 percent interest in Bell S.A.
- **Banca Antoniana Popolare Veneta**, an Italian bank, holds a 10.89 percent interest in Bell S.A.



Based on the above ownership percentages, none of the shareholders of Bell S.A. holds a 10 percent or greater indirect ownership interest in Olivetti.

Enclosed are an original and six (6) copies of this filing. Please date-stamp the enclosed extra copy of this filing, and return it in the envelope provided. A copy of this filing has been served on counsel for Telecom Italia S.p.A., as evidenced by the enclosed Certificate of Service. Any questions regarding this filing should be directed to the undersigned.

Respectfully submitted,



Jean L. Kiddoo  
Patrick J. Whittle

Counsel for Olivetti S.p.A.

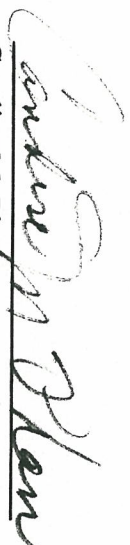
Enclosure

cc: Troy Tanner (FCC)  
Susan O'Connell (FCC)

**CERTIFICATE OF SERVICE**

I, Candise M. Pharr, hereby certify that on this 27<sup>th</sup> day of May 1999, a copy of the foregoing filing with Ms. Magalie Roman Salas, Esq. confirming the ownership information of Olivetti S.p.A. was delivered by facsimile to the following:

Kenneth Robinson  
Counsel for Telecom Italia S.p.A.  
1133 - 21<sup>st</sup> Street, N.W., Suite 1011  
P.O. Box 57-455  
Washington, D.C. 20037-0455  
Tel: (202) 463-4117  
Fax: (202) 463-4575

  
Candise M. Pharr