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**AGREEMENT BETWEEN CYTA AND
MEDNAUTILUS FOR THE CONSTRUCTION OF
THE FIRST SUBMERSIBLE RING FOR THE
DIRECT CONNECTION WITH EUROPE**

CYTA and MedNautilus will build the first submersible ring to Cyprus – connecting Cyprus and Europe directly - the Minerva System.

Nicosia, Cyprus January, 30, 2007: The Cyprus Telecommunications Authority (CYTA) and Mediterranean Nautilus Ltd. (fully owned subsidiary of Telecom Italia Sparkle) signed an agreement today for the construction of a new ring from Cyprus to Sicily, the Minerva System.

The Minerva System will introduce a ring to Cyprus by adding a Branching Unit and a new segment to the MedNautilus main system in addition to the upgrading of the existing cable to Cyprus.

The Minerva will use a dedicated express fibre pair along the ring with 10 Gb/s DWDM wavelengths and will connect Cyprus and Italy on a dedicated direct link bypassing Turkey, Greece and Israel. From Sicily to Europe the Minerva will be connected to the MedNautilus Pan European network.

Minerva will be ready for service during the 3rd quarter of 2007 with the first phase ready for service during the second quarter of 2007.

Mr. Nikos Timotheou, CYTA CEO said *"With the construction of MINERVA, CYTA's East Mediterranean hub will be further enhanced, enabling it to provide reliable telecommunications connectivity at competitive prices, to serve the island's requirements as well as those of neighbouring countries"*.

Mr. Stefano Mazzitelli, MedNautilus Chairman and Telecom Italia Sparkle CEO, added *"We are happy to provide CYTA, which is already a reputable customer of MedNautilus, with the first ring to Cyprus through the only ring in the Mediterranean. We hope that with the new topology, CYTA will be able to provide our services also to neighbouring countries"*.

Mr. Francesco Nanotti, MedNautilus CEO, added *"The Minerva is part of our expansion plan in the Eastern Mediterranean and we hope to introduce services to other countries in the region within 2007"*.

The Minerva System will be built by Alcatel Submarine Networks (ASN).

About CYTA: Cyprus Telecommunications Authority (CYTA) is the primary telecommunications provider in Cyprus. Its product portfolio covers the whole spectrum of electronic communications ranging from fixed and mobile telephony to internet service provision and broadband applications. CYTA is particularly active in the area of international submarine fibre optic cables and has established Cyprus as a regional telecommunication hub in the Eastern Mediterranean.

About MedNautilus: Mediterranean Nautilus is an Irish based company fully owned by Telecom Italia Sparkle. MedNautilus owns and operates the only telecommunication submarine cable ring in the Mediterranean which has been in operation since 2001. The MedNautilus network provides end to end connectivity from the eastern part of the Mediterranean to major destinations in Europe and is the leading provider in the region.



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