Telecom Italia

ENRICO PARAZZINI, CFO

June 6, 2007
**TI Group: key financial results**

<table>
<thead>
<tr>
<th></th>
<th>1Q '07 reported</th>
<th>YoY reported</th>
<th>YoY Organic*</th>
<th>2007 Organic Target*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>7,540</td>
<td>+0.8%</td>
<td>+1.1%</td>
<td>+1.0% / +2.0%</td>
</tr>
<tr>
<td>Ebitda</td>
<td>3,154</td>
<td>-4.3%</td>
<td>-3.9%</td>
<td>-2.5pp / -2.0pp</td>
</tr>
<tr>
<td>Ebitda margin</td>
<td>41.8%</td>
<td>-2.2pp</td>
<td>-2.2pp</td>
<td>-3.0pp / -2.5pp</td>
</tr>
<tr>
<td>Ebit</td>
<td>1,763</td>
<td>-11.1%</td>
<td>-6.3%</td>
<td></td>
</tr>
<tr>
<td>Ebit margin</td>
<td>23.4%</td>
<td>-3.1pp</td>
<td>-1.9pp</td>
<td></td>
</tr>
<tr>
<td>Net Income (post minorities)</td>
<td>775</td>
<td>+4.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td>1,160</td>
<td>+135</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Debt</td>
<td>37,182</td>
<td>-0.1 bln vs. YE '06</td>
<td></td>
<td>Net Debt/Ebitda &lt;3x</td>
</tr>
</tbody>
</table>

* Excluding changes in consolidation area, exchange rate impact and other non organic items

** Aggregate figures of European Projects, Brazil mobile and Bolivia

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Highlights

- Group results fully on track with '07 targets
- Strengthened competitive position across all business
- Strong performance of International Business (+36% organic top line growth yoy)**
- Industry prime profitability confirmed
- Investments to maintain the technological leadership in Italy and develop coverage abroad
- Deleveraging process as a priority

After the cash out of €669 mln for the AOL Germany acquisition
Debt structure as of March 31, 2007

Total gross debt: € 45,073 mln

- Current Liabilities: € 493 mln
- Other Non Current Liabilities (*): € 11,849 mln
- Bonds (*): € 32,731 mln

Maturities and risk management

- € 6.7 bln liquidity position plus further € 6.5 bln committed unfunded bank lines grant sure and ample treasury margin and allow full flexibility for future funding
- Average bond maturity: 8.47 years
- Fixed rate portion on debt approximately 70%
- Around 38% of outstanding bonds is denominated in USD and GBP and is fully hedged

Cost of debt: approximately 5.4%

- Gross Debt: € 45,073 mln
- Financial Assets: € (7,891) mln
- Net Financial Position: € 37,182 mln

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(1) Including € 1,289 mln of IAS adj of which € 404 mln on bonds
(2) Liquidity Nominal Position, represented by cash and marketable securities stands at € 6.7 bn

(*) including the current portion of non current liabilities (maturing within 12 months) for € 5,455 mln (of which bonds € 4,154 mln and other € 1,301 mln)
Medium-long term debt Maturity Profile as of March 31, 2007

Matched by a:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Beyond 2012</th>
<th>Total M/L term debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drawn bank facility</td>
<td>2,841</td>
<td>4,486</td>
<td>4,264</td>
<td>5,474</td>
<td>4,590</td>
<td>3,525</td>
<td>3,054</td>
<td>43,322(1)</td>
</tr>
<tr>
<td>Bonds</td>
<td>1,720</td>
<td>3,659</td>
<td>3,820</td>
<td>3,000</td>
<td>4,252</td>
<td>3,250</td>
<td>13,588</td>
<td>18,142</td>
</tr>
<tr>
<td>Loans and Long rent and op. leasing (€ 1,980)</td>
<td>1,121</td>
<td>827</td>
<td>444</td>
<td>2,038</td>
<td>338</td>
<td>275</td>
<td>4,500</td>
<td>32,327</td>
</tr>
<tr>
<td>Liquidity nominal position (out of € 7.9 bn total Financial assets)</td>
<td>6.7 bn</td>
<td>6.5 bn</td>
<td>= 13.2 bn</td>
<td></td>
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</tr>
<tr>
<td>Undrawn portion of the Revolving Facility maturing August 2012 (agreed for € 8.0 bn)</td>
<td>18,142</td>
<td>1,500</td>
<td>4,500</td>
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<td></td>
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</tr>
</tbody>
</table>

(1) € 43,322 mln is the nominal amount of outstanding medium-long term debt; by adding IAS adjustments (€ 1,145 mln), deferred incomes “AVEA” (€ 113 mln) and current liabilities (€ 493 mln), the gross debt figure of € 45,073 mln is reached.
Telecom Italia

RICCARDO RUGGIERO, CEO

June 6, 2007
Agenda

- Domestic Strategic Guidelines
- International Strategic Guidelines
  - European BroadBand
  - TIM Brasil
- 2007 Targets
## Market trend and TI Strategic “musts”

<table>
<thead>
<tr>
<th>Market trend</th>
<th>TI Group strategic guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pure TLC market</strong> is <strong>slightly increasing</strong> due to the rise in Mobile and broadband market.</td>
<td></td>
</tr>
<tr>
<td><strong>Margins erosion</strong> due to price competition and technological discontinuities.</td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities for “Pure TLC” Operators in adjacent markets</strong> (eg. pay-TV, ICT)</td>
<td><strong>Focus to maintain domestic core business</strong></td>
</tr>
<tr>
<td><strong>Local Regulatory Authorities</strong> future decision to influence TLC’s industry evolution (i.e.: NGN, Net Neutrality)</td>
<td><strong>Growth in international emerging markets</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Growth in innovative/adjacent markets</strong> (eg. pay-TV, ICT)</td>
</tr>
<tr>
<td></td>
<td><strong>Industrial alliances</strong> to achieve scale</td>
</tr>
<tr>
<td></td>
<td><strong>Negotiation with Local Regulatory Authorities</strong> on network access transparency and evolution (NGN)</td>
</tr>
</tbody>
</table>
Maintain Domestic Leadership through Innovation and Convergence

<table>
<thead>
<tr>
<th>Fixed</th>
<th>Mobile</th>
</tr>
</thead>
</table>
| ▶ Focus on volume and value  
▶ Increase Broadband penetration  
▶ Maintain customers on fixed network developing:  
  ▶ flat and all inclusive 2/3play offers for consumers  
  ▶ integrated solutions for business customers  
▶ Winback and retention on traffic and access  
▶ Develop Innovative ICT and IPTV services | ▶ Volume and Value Strategy  
▶ Market and offers segmentation  
▶ 3G/High Speed Innovation and development in order to drive VAS growth  
▶ Push on Flat and Post-Paid offers |

**Convergence**

▶ Convergence as a distinctive factor in market positioning  
▶ Convergent offers:  
  ▶ integrated voice (product and services)  
  ▶ convergent fixed-mobile BB  
  ▶ integrated messaging and mail  
  ▶ integrated content
Domestic fixed: BB market trends and TI positioning

<table>
<thead>
<tr>
<th>BB domestic Market Trend</th>
<th>TI positioning: Increase Broadband penetration and improve BB customers value</th>
<th>1Q 2007 evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market trends</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2007-2009</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mln BB Accesses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td><strong>% on total accesses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>55%</td>
<td></td>
</tr>
</tbody>
</table>

| IPTV Market Trend         |                                                                                |                  |
|---------------------------|                                                                                |                  |
| **Min subs**              |                                                                                |                  |
| 2005                      | 0.2                                                                             |                  |
| 2006                      | 0.3                                                                             |                  |
| 2009                      | 1.3                                                                             |                  |
| **% on consumer BB access**|                                                                                |                  |
| 2005                      | 3%                                                                              |                  |
| 2006                      | 4%                                                                              |                  |
| 2009                      | 14%                                                                             |                  |

- Flat “All Inclusive” offers
  - Dual Play
  - Triple Play
- Bundle with devices
- Pay-per-use as entry-level offering to maximize new acquisitions
- Upselling to flat offering
- “Alice”: best known BB brand in Italy

**Top of mind “ brand (%)**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alice</td>
<td>33%</td>
</tr>
<tr>
<td>Fastweb</td>
<td>5%</td>
</tr>
<tr>
<td>Libero</td>
<td>6%</td>
</tr>
</tbody>
</table>

([*) GFK Eurisko – STP Internet ’07, May 2007)
## Domestic fixed: Voice market trend and TI Positioning

### Market trends 2007-2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Market trend (with BB)</td>
<td>Real Market trend</td>
<td>mL accesses</td>
</tr>
<tr>
<td>Without flat packages</td>
<td>Without flat packages</td>
<td></td>
</tr>
<tr>
<td>CAGR '04-'09</td>
<td>CAGR '04-'09</td>
<td></td>
</tr>
<tr>
<td>-1.1%</td>
<td>-4.0%</td>
<td>5.5</td>
</tr>
<tr>
<td>-3.7%</td>
<td>-6.1%</td>
<td></td>
</tr>
</tbody>
</table>

### TI positioning: Flat offers development to maintain customers on fixed network

#### Flat PSTN
- Flat voice packages, e.g:
  - calls to TI fixed/mobile numbers
  - calls to fixed International numbers
  - Flat internet dial up

#### Flat VoIP
- Proactive migration of traditional voice customers to VoIP:
  - Up to 5 personal numbers
  - Up to 3 calls and 5 Internet simultaneous connections
  - “Alice Voce No problem”: unlimited calls, videocalls, sms/mms to TI fixed numbers
  - “Alice Voce Friends”: free voice and video calls, sms/mms to Alice Voce clients

### 1Q 2007 evidence

- Stable traffic
  - Market share from 2001: >71%*
- 300K win back in 1Q ’07
- 6.5 mln voice flat offers (32.1% on total accesses) as of March ’07
- 549K VoIP lines as of March ’07 9.3% of BB access (6.4% in Dec. 06)

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*% on Total monthly traffic volumes (March ’07)
Domestic mobile: market trends and TI positioning

**Market trends 2007-2009**
- Increasing attention on Value & Volume
  - Focus on high-end segments
  - Boost voice usage
  - Speed-up mobile BB internet

**TI domestic mobile positioning**
- 22% gross adds are postpaid
- >400k incremental UMTS customers
- 4.7 mln UMTS lines reached, 14% penetration

**1Q 2007 evidence**
- Big bundles for postpaid
- Prepaid offers with attractive on-net/transparent pricing
- 20% VAS/Service revenues FY07 target already reached
- Increasing contribution of interactive services: 42% of VAS revenues (+3.4 pp yoy)
- Web Browsing revenues growth: +46.4% yoy

**Prices decrease mainly driven by regulatory issues (“Bersani decree”)**
- Leverage elasticity of different segments highlighting the value of transparency

**Outgoing Voice trend (Δ % YoY)**
- Revenues: 2.3% to 1.4%
- Volumes*: 1.8% to 2.3%
- Price*: -0.6% to -0.6%

*Roaming not included
Domestic mobile: value from transparency in all segments

**Segmentation**

<table>
<thead>
<tr>
<th>Segment</th>
<th>ARPU</th>
<th>Market share on lines 2006</th>
<th>Trend 1Q07 vs. 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOP/Enterprise  (&gt; 500 employees)</td>
<td>3.6x</td>
<td>Corporate: 62.7%</td>
<td></td>
</tr>
<tr>
<td>Business (1 to 499 employees)</td>
<td>3.4x</td>
<td>SME: 51.7%</td>
<td></td>
</tr>
<tr>
<td>Mass Market</td>
<td>3.8x</td>
<td>SOHO (Multibus): 49.7%</td>
<td></td>
</tr>
<tr>
<td>Mass Market</td>
<td>3.8x</td>
<td>Post-paid mass market: 54.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>Pre-paid mass market: 40.9%</td>
<td></td>
</tr>
</tbody>
</table>

**Offering**

- Vertical approach by industry
- Integrated Fixed/Mobile solutions
- VPN concept for voice service
- Biddings
- Mobile Office solutions
- Easy to go all-inclusive contracts (Handset/voice/data)
- Segmented Approach: start from key segments’ needs
  - Elite - High quality services
  - Transparency and big bundles
  - Young –Community, technology and “money budget”
  - Family & Friends – Simplicity, convenience, bundle fixed-mobile

**1Q 2007 evidence**

- “Affare Fatto - No cost”: ~ 85K acquisitions in 1Q ’07
- “7 su 7”: 50K acquisitions in 1Q ’07
- “TIM tribù” community: 2.8M members EoY 2006
- TIM Club: ~700K activations as of April ‘07
- Over 1 Million Maxiday cards as of May ‘07
Domestic mobile: 3G/High speed and VAS development

<table>
<thead>
<tr>
<th>3G/High speed enablers</th>
<th>VAS Portfolio</th>
<th>TI priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TI Mobile Network evolution</strong></td>
<td><strong>TI Handsets portfolio</strong></td>
<td><strong>Speed-up BB mobile Internet:</strong></td>
</tr>
<tr>
<td>- <strong>UMTS:</strong></td>
<td>- The most advanced handsets portfolio in the Italian market:</td>
<td>- Tariff simplification/bundles</td>
</tr>
<tr>
<td>‣ Up to 384 Kbps</td>
<td>‣ <strong>3G models:</strong> 34 (vs 32 2G models)</td>
<td>‣ Convergence</td>
</tr>
<tr>
<td>‣ Coverage: 77% of population YE ’07</td>
<td>‣ <strong>HSDPA models:</strong> 15</td>
<td>‣ Internet-like users experience</td>
</tr>
<tr>
<td>- <strong>HSDPA</strong></td>
<td>‣ <strong>PC card models:</strong> 4</td>
<td>‣ Develop premium &amp; users generated contest:</td>
</tr>
<tr>
<td>‣ Up to 3.6 Mbps</td>
<td>‣ <strong>Mobile office models:</strong> 14</td>
<td>‣ Leverage on TI group assets</td>
</tr>
<tr>
<td>‣ Coverage: 50% of population YE ’07</td>
<td></td>
<td>‣ Partnership with media market leaders</td>
</tr>
<tr>
<td>- <strong>DVB-H</strong></td>
<td></td>
<td><strong>Everything in One Click</strong></td>
</tr>
<tr>
<td>‣ Coverage: 75% of populations YE ‘07</td>
<td></td>
<td>[Internet on the move]</td>
</tr>
</tbody>
</table>

3.1 M handsets at Summer Dealer Convention (May 2007)

... and much more!

- Maintain leadership on traditional VAS
## Content offers

### Telecom Italia 3Play Offer

- **VoIP**
- **Internet:** ADSL up to 20 M
- **IPTV:** Alice Home TV

### DVB-h

**From start-up phase to mass marketing**

- New handset

### Towards digital entertainment with Alice HOME TV

- **DTT integrated Set top box** (launched end of may '07)
- **Contents**
  - Rebroadcasting TV channels: ~ 60 (digital terrestrial channels and premium satellite channels)
  - Video On Demand
  - Evolutions: High Definition TV, Multi-Device Content Portability, User Generated Content ...
- Microsoft platform on trial

- **New contents** and handset packaging (all Serie A soccer championship games)
“BB as one market”: address fixed BB clients to speed-up mobile BB

**Integrated BroadBand offer**

- Integrated fixed-mobile broadband offer
  - internet wireline indoor connectivity on Wi-Fi Modem and DSL connectivity (pay per use or flat)
  - internet mobile connectivity on HSDPA up to 3.6 Mbps (and soon 7.2Mbps)
  - Seamless fixed-mobile interface
  - Wireline connection time and mobile connection volume included
  - Prepaid or postpaid pricing schemes

**Convergent Fixed-Mobile Mail and Messenger**

- Alice Mail available on the move (push mail) and on fixed broadband
- TIM phones 90% compliant
- Packaging
  - Monthly Service Card
  - Bundle with Internet access
  - Bundle with Blackberry

Alice Messenger: Instant Messaging available on the move and on fixed broadband
- Packaging:
  - Monthly Service Card
  - Bundle with Internet access

Launched during Valencia Dealers Convention (19th May ’07)
Convergent Voice Offer

- **UNICA BASIC OFFER**
  - Fixed Voice traffic:
    - National F2F
    - International F2F
    - F2M (towards selected mobile numbers)
  - Mobile Voice traffic:
    - In-door at-home to Fixed
    - M2F
    - M2M on net (towards TIM numbers)
  
  **Available from 3Q 2007**

- **UNICA PREMIUM OFFER**
  - UNICA Basic Offer
  + BroadBand Connection (corded and cordless)
    - up to 20 Mega
  + Dual mode handset

- **Pricing schemes**
  - Both flat and pay per use
  - One single price per minute

**UNICA:** the integrated fixed and mobile voice brand
Increase BB Coverage and Invest in NGN2 project

- Careful market driven development of fiber solutions and coverage
  - Mainly FttCab, with FttB in main cities
  - FttP for TOP clients

**Fixed Network Broadband Coverage Evolution**

<table>
<thead>
<tr>
<th>Year</th>
<th>DSL</th>
<th>1st Generation</th>
<th>2nd Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>86%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>89%</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>95%</td>
<td>51%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>98%</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>99%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Long term</td>
<td>100%</td>
<td>65%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- Full Project CAPEX cumulated: ca. 6.5 B€
- Investments in NGN2 will NOT generate an increase in total capex/year vs. 2007 (self financing project)
- Strong reduction on Network capex-opex requirements at project end (over 1 Bln €)

**NGN2 Capex for Fixed and Mobile Access**

- 2007: 20 € millions
- 2008: 175 € millions
- 2009: 305 € millions

**Fixed Network Broadband Coverage Evolution**

- Up to 4 Mb/s
- Up to 20 Mb/s
- Up to 100 Mb/s

- The NGN2 project already started in Milan:
  - ~3,400 buildings (44,000 accesses) by ‘07 year end
Regulatory update

- Full process could require 12/18 months from first public consultation
- Telecom Italia is under no obligation to finalize talks on the creation of an Access Network Unit
- The chosen shape of the access network unit (accounting separation vs. independent unit) will not affect the regulatory framework evolution

Informal talks between TI and NRA regarding the possibility of Access Network creation

Public consultation on regulatory framework evolution, related to:
- possibility of TI fixed access network separation
- evolution of network architecture towards NGN

Answers deadline (4th July '07)

Draft resolution (end of IIIQ '07)

Public consultation on Draft Resolution

Interested parties (TI, OLOs, consumers etc.) answer to public consultation

Public consultation (2nd May '07)
Agenda

- Domestic Strategic Guidelines
- International Strategic Guidelines
  - European BroadBand
  - TIM Brasil
- 2007 Targets
### European Broadband: market trends and TI guidelines

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Market consolidation in main European countries</strong></td>
<td>‣ Focus on efficiency/effectiveness of existing projects</td>
<td>‣ Germany: Closing of AOL acquisition (1st March '07) – No. 2 BB operator in Germany (14% market share)</td>
</tr>
<tr>
<td><strong>Increase of alternative operator ULL coverage and early stage VDSL/Fiber Network project</strong></td>
<td>‣ Increase of ULL Coverage via own network deployment and partnerships</td>
<td>‣ France: industrial turn around to improve quality of services</td>
</tr>
<tr>
<td><strong>Diffusion of dual and triple play offers and development of Fixed – Mobile Convergent offers</strong></td>
<td>‣ Continuous Portfolio innovation with Dual/Triple Play offers</td>
<td>‣ The Netherlands: preparing to launch residential retail offer</td>
</tr>
<tr>
<td></td>
<td>‣ Launch of convergent offers through MVNOs</td>
<td>‣ Germany: 41% ULL coverage in 1Q ’07, on track to meet our 2007 FY target (~60%)</td>
</tr>
<tr>
<td></td>
<td>‣ Development of MNCs services on Corporate segment, leveraging on TI international capabilities and infrastructure</td>
<td>‣ France: 44% ULL coverage in 1Q 07, reaching our original 2007 FY target.</td>
</tr>
</tbody>
</table>

#### European BB portfolio as of March 2007: 3.1 Mln (lines)
- Germany: 2.1 Mln
- France: 0.8Mln
- The Netherlands: 0.2 Mln
Launch of 3play and 4play Offers in Europe

France – Alice Home TV

Internet + Phone + TVoIP
ALICEBOX

Exceptional TV Content
CANAL+ and/or CANALSAT

Germany - MVNO Offer launch

- “Alice Complete”:
  - BroadBand
  - Fixed Voice services
  - Mobile Voice services

starting from 59.90€ /month

Commercial launch: March 12th 2007

Commercial launch: April 26th 2007
Agenda

- Domestic Strategic Guidelines
- International Strategic Guidelines
  - European BroadBand
  - TIM Brasil
- 2007 Targets
## TIM Brasil: market trends and TIM positioning

<table>
<thead>
<tr>
<th>Market trends 2007-2009</th>
<th>TIM Brasil focused on community &amp; convenience, integration &amp; innovation</th>
<th>1Q 2007 evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile residual market is in lower income classes</td>
<td>▶ Consolidate high-end positioning in both consumer and business segments</td>
<td>Leading share in net adds: 40.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Improved mix: 21.6% postpaid (+1pp yoy)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>n.1 in Business segment: +50.3% lines yoy</td>
</tr>
<tr>
<td></td>
<td>▶ Increase profitability via efficiencies on mobile fixed costs</td>
<td>EBITDA organic growth: +48.7% yoy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EBITDA mg: 24.5% (+2.9pp yoy)</td>
</tr>
<tr>
<td></td>
<td>▶ Sustain profitable growth by developing new business model oriented to low-ARPU segments</td>
<td>Launch by year end</td>
</tr>
<tr>
<td>Tic market starts to move towards convergence</td>
<td>▶ Offer convergent solutions to safeguard mobile leadership</td>
<td>TIM Casa: first homezone offer in Brazil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▶ Launched in Q4 06</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▶ Reached &gt;400K clients in Q1 07</td>
</tr>
<tr>
<td></td>
<td>▶ Exploit opportunity to capture additional revenue streams from fixed market</td>
<td>Homezone offer now extended to corporate segment</td>
</tr>
</tbody>
</table>

### 1Q 2007 evidence
- Leading share in net adds: 40.1%
- Improved mix: 21.6% postpaid (+1pp yoy)
- n.1 in Business segment: +50.3% lines yoy
- EBITDA organic growth: +48.7% yoy
- EBITDA mg: 24.5% (+2.9pp yoy)

### TIM Brasil: Customer base as of March 2007
- 26.3 Mln lines
- Market share: 25.8%
### TIM Brasil: achievements leverage on...

#### ...community & convenience

- Brand: constant building of leading quality/ aspirational image

#### ...integration & innovation

- Consumer: foster TIM Community and develop F-M convergence
  - Push on-net offers
  - Continue focus on TIM Chip-only model
  - Develop convergent offer by enriching & expanding home-zone offer

- Top customers/ Large accounts: footprint, quality & flexibility
  - National tariff plans for multiregional companies
  - Mobile office solutions, enhanced tariff plans and flexible corporate services

- VAS: push on media content and Interactivity

- Multichannel sales: constant quest for efficiency and profitability
  - Reduced subsidy strategy
  - Incentives on postpaid acquisitions and commissioning based on value
  - Expansion of alternative/ low-cost recharge channels
Agenda

- Domestic Strategic Guidelines
- International Strategic Guidelines
  - European BroadBand
  - TIM Brasil
- 2007 Targets
**Financial Performance Overview 1Q ‘07 vs 2007 Targets**

<table>
<thead>
<tr>
<th>Domestic, (€ mln, %)</th>
<th>1Q ‘07 reported</th>
<th>Δ1Q ‘07 organic YoY</th>
<th>2007 organic targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>6,009</td>
<td>-4.5% -2.6%</td>
<td>-3.5%/-2.5%</td>
</tr>
<tr>
<td>Fixed Revenues</td>
<td>3,989</td>
<td>-6.8% -4.1%</td>
<td>-3.5% / -2.5%</td>
</tr>
<tr>
<td>Mobile Revenues</td>
<td>2,365</td>
<td>-0.2%</td>
<td>-3% / -2%</td>
</tr>
<tr>
<td>% EBITDA Margin</td>
<td>47.5%</td>
<td>-2.3 pp at 48.1%</td>
<td>-2.0 / -1.5 pp</td>
</tr>
</tbody>
</table>

**Excl. NNG***

<table>
<thead>
<tr>
<th>European BroadBand, (€ mln, %)</th>
<th>1Q ‘07 reported</th>
<th>2007 organic targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>304</td>
<td>~1.6 Bn €</td>
</tr>
<tr>
<td>% EBITDA Margin</td>
<td>9.9%</td>
<td>&gt;14% mg.</td>
</tr>
</tbody>
</table>

**TIM Brasil, (Reais mln, %)**

| Revenues                      | 3,040           | +37.4%               | >15% |
| % EBITDA Margin               | 24.5%           | ~23%                 |      |

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* excluding change in accounting for Non Geographic Numbers (-119 mln € in 2006).

In accordance with AGCOM deliberation 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NNG while does not assume credit risks. These services, since January 1st are thus no longer recorded for as revenues and costs in Telecom Italia accounts.

** IAS Gaap

*** Figures adjusted considering Bill & Keep elimination starting from 01/01/05

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