

ALTERNATIVE PERFORMANCE INDICATORS

In this press release, in addition to the conventional financial indicators established by IFRS, certain non-IFRS measures are presented to allow for a better assessment of the Telecom Italia Media Group operating and financial performance; however, these indicators should not be construed as a substitute for the conventional ones prescribed by IFRS.

Specifically, the non-IFRS indicators are described below:

- **EBITDA.** — Telecom Italia Media uses this indicator as a financial target in internal and external presentations. It provides a useful unit of measurement for assessing the Group's operating performance, in addition to **EBIT**. These indicators are as follows:

<p>Income from continuing operations before taxes</p>
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- | |
|---|
| <p>+ Financial expenses
- Financial income
+/- Share of losses (profits) of associates and joint-ventures accounted for using the equity method</p> |
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<p>EBIT — Operating Income</p>

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| <p>+/- Impairment losses/(Reversals) of non-current assets
+/- Losses/(Gains) on disposals of non-current assets
+ Depreciation and amortization</p> |
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<p>EBITDA — Operating result before depreciation and amortization, capital gains/(losses), and impairment reversals/(losses) on non-current assets</p>

- **Net Financial Debt**— The Telecom Italia Media Group deems that Net Financial Debt is an accurate indicator of its ability to meet its financial obligations, measured by Gross Financial Debt minus Cash and Cash Equivalents and other Financial Assets (financial receivables and securities other than equity investments).

The Statements of Income, the Balance Sheets and the Statements of Cash Flows of the Telecom Italia Media Group, herewith presented, are the same as those included in the Third Quarter 2007 Report and are unaudited.

TELECOM ITALIA MEDIA GROUP CONSOLIDATED STATEMENTS OF INCOME

(in thousand of euro)	9 Months 2007	9 Months 2006	Changes	
	(a)	(b)	(a-b)	%
Revenues	178,341	135,660	42,681	31.4
Other income	8,209	6,292	1,917	30.5
Total operating revenue and operating income	186,550	141,952	44,598	31.4
Purchases of material and external services	(161,360)	(150,303)	(11,057)	(7.4)
Personnel costs	(56,504)	(56,544)	40	0.1
Other operating expense	(9,704)	(9,362)	(342)	(3.7)
Changes in inventories	2,465	3,008	(543)	(18.1)
Capitalised internal construction costs	830	383	447	116.7
OPERATING INCOME BEFORE AMORTIZATION EBITDA	(37,723)	(70,866)	33,143	46.8
Amortisation	(46,010)	(40,354)	(5,656)	(14.0)
Gains/(losses) on disposal of non-current assets	(3)	62	(65)	n.s.
Write-ups/(write-downs) of non-current assets	-	-	-	-
OPERATING INCOME	(83,736)	(111,158)	27,422	24.7
Share of earnings of equity investments in associates value with the equity method	-	-	-	-
Financial income	706	4,110	(3,404)	(82.8)
Financial expense	(6,207)	(2,601)	(3,606)	(138.6)
RESULT FROM CONTINUING OPERATIONS BEFORE TAX	(89,237)	(109,649)	20,412	18.6
Income taxes	26,876	31,636	(4,760)	(15.0)
NET PROFIT FROM CONTINUING OPERATIONS	(62,361)	(78,013)	15,652	20.1
Net profit (loss) from discontinued operations/held for sale	(2,208)	-	(2,208)	
INCOME (LOSS) FOR THE PERIOD	(64,569)	(78,013)	13,444	17.2
Attributable to:				
* Net profit (loss) attributable to the Parent	(65,832)	(78,059)	12,227	15.7
* Net profit (loss) attributable to the minority interest	1,263	46	1,217	n.s.

The Telecom Italia Media Group is organized in two Business Units – **Television** and **News**.

- The **Television** Business Unit focuses on the production and broadcasting of content through analog TV networks managed under central government concession and digital networks, as well as the marketing of advertising time during commercial breaks in programming. It also operates as both an analog and digital television broadcaster and manages both satellite channels and pay-per-view services on Digital Terrestrial TV. In detail, as the context in which the Group operates has changed, in 2007 Telecom Italia Media adjusted its business model, based on the following activities:
 - **Free to Air**, which includes the two analog TV channels La7 and MTV;
 - **Multimedia**, which takes on the role of Content Competence Center of the Telecom Italia Group in designing and producing the content offer for the IPTV, DVBH and Rosso Alice platforms and developing content and channels on satellite and interactive platforms (Web and Mobile);
 - **Digital Terrestrial**, through consolidation of the Calcio PPV business model, the offer of new content, and the rental of digital band to third parties.
- The “**News**” Business Unit operates through TM News, a leading Italian press agency with a marked international scope. It originated through a partnership with Associated Press (AP) and provides news around the clock, as well as special analyses, specials and reports from its headquarters in Rome and Milan, and its international offices in Brussels, New York and Moscow.

	Television				News	Staff - Other activities and adjustments	Group total
	Free to Air	Multimedia	DTT	Total TV			
(in millions of euro)							
Sales and service revenues							
9 Months 2007	116.0	20.0	36.1	172.1	7.3	(1.1)	178.3
9 Months 2006	100.2	14.9	14.7	129.8	6.9	(1.0)	135.7
Year 2006	144.4	23.6	31.5	199.5	9.3	(1.3)	207.5
EBITDA							
9 Months 2007	(18.7)	7.0	(13.7)	(25.4)	(4.0)	(8.3)	(37.7)
9 Months 2006	(26.4)	4.8	(35.7)	(57.3)	(4.0)	(9.6)	(70.9)
Year 2006	(30.5)	7.5	(43.4)	(66.4)	(5.6)	(10.9)	(82.9)
EBIT							
9 Months 2007	(41.9)	6.0	(35.2)	(71.1)	(4.3)	(8.3)	(83.7)
9 Months 2006	(47.6)	3.9	(53.5)	(97.2)	(4.5)	(9.5)	(111.2)
Year 2006	(59.0)	6.3	(67.6)	(120.3)	(6.3)	(10.9)	(137.5)
Investments							
9 Months 2007	31.5		22.8	54.3	0.2		54.5
9 Months 2006	21.3		43.7	65.0	0.1		65.1
Year 2006	32.4	0.1	52.3	84.8	0.1	(0.1)	84.8

TELECOM ITALIA MEDIA GROUP CONSOLIDATED BALANCE SHEET

(in thousand of euro)	09/30/2007	12/31/2006	Changes
	(a)	(b)	(a-b)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
- Goodwill	185,532	185,532	-
- Intangible assets with a finite life	223,584	211,061	12,523
	409,116	396,593	12,523
Tangible assets			
- Property, plant and equipment owned	59,402	63,485	(4,083)
- Assets held under finance leases	-	-	-
	59,402	63,485	(4,083)
Other non current assets			
- Equity investments	4,451	4,703	(252)
- Financial receivables and other non-current financial assets	2,052	2,182	(130)
- Miscellaneous receivables and other non-current assets	537	62,304	(61,767)
Deferred tax assets	44,786	15,627	29,159
	51,826	84,816	(32,990)
TOTAL NON-CURRENT ASSETS (A)	520,344	544,894	(24,550)
CURRENT ASSETS			
Inventories	5,340	2,753	2,587
Trade receivables, miscellaneous receivables and other current assets	192,595	179,323	13,272
Current tax assets	2,452	1,858	594
Securities other than equity investments	-	-	-
Financial receivables and other current financial assets	1,629	5,463	(3,834)
Cash and cash equivalents	11,926	275	11,651
Subtotal current Assets	213,942	189,672	24,270
Discontinued operations/Assets held for sale			
of a financial nature	-	-	-
of a non-financial nature	-	-	-
	-	-	-
TOTAL CURRENT ASSETS (B)	213,942	189,672	24,270
TOTAL ASSETS (A+B)	734,286	734,566	(280)
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent	292,497	358,326	(65,829)
Equity attributable to Minority interests	11,934	12,903	(969)
TOTAL SHAREHOLDERS' EQUITY (C)	304,431	371,229	(66,798)
NON-CURRENT LIABILITIES			
Non-current financial liabilities	111,016	116,223	(5,207)
Employee severance indemnities and other employee-related reserves	13,380	14,705	(1,325)
Reserve for deferred taxes	35,110	37,538	(2,428)
Reserve for future risk and charges	748	718	30
Miscellaneous payables and other non-current liabilities	25	33	(8)
TOTAL NON CURRENT LIABILITIES (D)	160,279	169,217	(8,938)
CURRENT LIABILITIES			
Current financial liabilities	92,660	19,935	72,725
Trade payables, miscellaneous payables and other liabilities	176,736	173,912	2,824
Current tax liabilities	180	273	(93)
Subtotal current Liabilities	269,576	194,120	75,456
Liabilities relating to discontinued operations/asset held for sale			
of a financial nature	-	-	-
of a non-financial nature	-	-	-
	-	-	-
TOTAL CURRENT LIABILITIES (E)	269,576	194,120	75,456
TOTAL LIABILITIES (F=D+E)	429,855	363,337	66,518
TOTAL EQUITY AND LIABILITIES (C+F)	734,286	734,566	(280)

TELECOM ITALIA MEDIA GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of euro)	9 Months 2007	9 Months 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continuing operations	(62,361)	(78,013)
<i>Adjustments to reconcile net income from continuing operations to cash flows generated by (used in) operating:</i>		
Depreciation and amortization	46,010	40,354
Impairment/reversals losses of non-current assets (including investments)	-	-
Net change in deferred tax assets and liabilities	(31,587)	(33,518)
Net realized/gains losses on disposals of non-current assets (including investments)	3	(62)
Share of (profits) losses of associates accounted for using the equity method	-	-
Change in employee severance indemnities and other employee-related provisions	(1,325)	1,492
Change in other operating assets/liabilities:	47,753	66,037
Change in inventories (I)	(2,587)	(2,659)
Change in trade receivables (I)	1,619	(5,490)
Change in trade payables (I)	(11,030)	(51,231)
Net change in miscellaneous receivables/payables and other assets/liabilities (I)	59,751	125,417
CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES (A)	(1,507)	(3,710)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of intangible assets on an accrual basis	(42,929)	(47,882)
Acquisitions of tangible assets on an accrual basis	(11,559)	(17,202)
Total acquisitions of intangible and tangible assets on an accrual basis	(54,488)	(65,084)
Change in amounts due to fixed asset suppliers	(4,590)	13,253
Total acquisitions of intangible and tangible assets on a cash basis	(59,078)	(51,831)
Acquisitions of investments in subsidiaries and businesses, net of cash acquired (II)	-	-
Acquisitions of other investments (II)	-	(20)
Change in financial receivables and other financial assets (I)	3,964	(861)
Proceeds on sale of investments in subsidiaries, net of cash disposed of (III)	2,700	65,787
Proceeds on sale of intangible, tangible and other non-current assets and distribution of reserves from associates (III)	287	1,125
CASH FLOWS GENERATED BY (USED IN) INVESTING ACTIVITIES (B)	(52,127)	14,200
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in current financial liabilities and other (I)	32	60,039
Proceeds from non-current financial liabilities (including current portion)	-	21,874
Repayments of non-current financial liabilities (including current portion)	(9,914)	(36)
Other changes in non-current financial liabilities	1,896	78
Proceeds from equity instruments	-	2,334
Share capital increases/repayments	-	-
Dividends paid (distribution of reserve included)	(2,233)	(552,656)
CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES (C)	(10,219)	(468,367)
Cash flows generated by (used in) discontinued operations/assets held for sale (D)		
AGGREGATE CASH FLOWS (E=A+B+C+D)	(63,853)	(457,877)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	(8,403)	434,416
Net effect of foreign currency translation on net cash and cash equivalents (G)	-	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (H=E+F+G)	(72,256)	(23,461)
ADDITIONAL CASH FLOW INFORMATION:		
Income taxes (paid)/collected	47,003	121,088
Interest expense paid	-	-
Interest income received	-	-
Dividends received	-	-
RECONCILIATION BETWEEN CASH AND TOTAL NET CASH EQUIVALENTS:		
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR, BROKEN DOWN AS FOLLOWS:	(8,403)	434,416
Cash and cash equivalents - from continuing operations	275	450,215
Bank borrowings repayable on demand - from continuing operations	(8,678)	(12)
Cash and cash equivalents - classified as discontinued operations/assets held for sale	-	(15,787)
Bank borrowings repayable on demand - classified as discontinued operations/assets held for sale	-	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, BROKEN DOWN AS FOLLOWS:	(72,256)	(23,461)
Cash and cash equivalents - from continuing operations	11,926	422
Bank borrowings repayable on demand - from continuing operations	(84,182)	(23,883)
Cash and cash equivalents - classified as discontinued operations/assets held for sale	-	-
Bank borrowings repayable on demand - classified as discontinued operations/assets held for sale	-	-

(I) Net of the effects of the purchase/sale of equity investments in consolidated subsidiaries.

(II) Net of the change in accounts payable for the relevant acquisition.

(III) Net of the change in accounts receivable for the relevant sale.