Hi, thanks. I just wanted to ask you a question about the mobile division. The number of subs lost this quarter is quite high, but the service revenue trend is slightly better than last quarter and I presume that’s because of your focus on higher quality customers; can you perhaps talk to us about when we might see service revenues returning to growth and maybe even subs returning to growth at some point in the future? Thanks.

Well, thank you for your question. As I said during the presentation, we have under way a process of very, very deep changes in the mobile division, which has, as I said, led us to change the management, change the process, change the IT, change the remuneration of the channels. So, that has created a big... a big... how can I say?... disruption in the normal course of (…) in the division. We think that we did the right thing and we will be pursuing this kind of strategy because I think it will pay off handsomely in the medium term. I think that what we’ve seen in terms of revenues’ trend, improvement in terms of services, compared to the first quarter will... will be reiterated in the next few quarters, but in order to see real change, I think that we have to expect... to wait the full impact of the reorganization to take place. And this I believe will happen at the beginning of next year. So, we’ll have still six months of work, very hard work, for reaping benefits that will arrive, I would say, at the beginning of next year.

And just... just a follow-up, if I may. Isn’t that... is the work that you talk about, essentially, revamping the commercial office so that you don’t offer things that aren’t particularly profitable and is that an approach you’ve seen from your competitors? You seem to be growing service revenues at a moment... at a time when you’re still declining.

Well, consider that the market, overall, is declining. So, I mean, there is an impact of the overall macroeconomic situation, but we... what we have done is to make a very selective approach to the market, in terms of segments... of the different segments of the market. This has, of course, led to a decline, as we said very clearly during the presentation, in the handset segment, but also in other specific segments of the market. So, you see, the process was a thorough, I would call it revolution in the mobile sector, because it is... it was not only the internal organization and the internal management, but also the organization of the... of the channels, the remuneration of our channels and our agents. So, it will take time. I mean, we are driving our sales force towards selling value instead of volume. At the beginning it was... it was not well understood, especially by our channels, how tough that exercise was; gradually it is becoming embedded in the mentality of our channel, and we are seeing already the benefits of this mentality, in terms of very low levels of silent SIMs and much better... much better ARPU of the... of the new SIMs that are on the market. And that I would say is the key point.

Okay. Thanks.

And, by the way, there is one good point that I can say is that, of course, the big loss was... of customers that we had... was at the end of last year, beginning of this year. Just in the very early part of this year. Afterwards, not only it has stabilized, but it is increasing again and also in July we see an increase in the customer base.

Thanks.
Thank you. Next question, please.

2. Ms. Micaela Ferruta from Intermonte:

Good afternoon. I have a question again on mobile, if I may. If I understood you correctly, you said service revenues will probably not be up before next year, so even in the second half of the year. And I was wondering if you can tell us whether you expect this to be the case also for mobile VAS, so being negative also in the second part of the year. Then, I would like to ask you about how you see the market share on ADSL... net ads? And whether you... you mentioned backlog reduction in the presentation; so, is the trend going to improve in the second quarter of 09? And, finally, if I may, a question on competition in the market generally speaking and in the SME segment in particular? Thank you.

Thank you very much. I’d like Oscar Cicchetti to answer to this question.

Yes. As Mr. Bernabè said in his presentation, the trend in mobile revenue is quite clear. We suffered from, let’s say... we concentrated on high-value customers; as a matter of fact even after the repricing we lost market share in the young segment and just a bit less in the massive segment. What we expect in the next quarter is, let’s say, to come back to growth in terms of calling customer base, without taking into account the silent customer base, and the way to do that is to very, very selectively... very prudently to reinvest let’s say, the part of the higher PTM that we have on the Italian market, on this growth. This PTM... reinvestment PTM would be concentrated on the young segment and very selectively on the value customers in the massive segment. Let’s talk about VAS. The trend about VAS is quite clear. We expect content to continue to decrease, because this is the market trend. And this is something that we are also promoting, because we want to deliver to our customers the content that they really need. We don’t want to force the sales of the content... of the content service provided. Having said that, we expect this trend to continue even in the next quarters. As far as browsing is concerned, we continue to be the market leader. We want to maintain, let’ say, this growth trend that we have. We have, more or less, something less than 40% of market share in terms of internet key. We will continue to subsidize handset in that area. Our reduction in handset will be focused on low price... low price handset... but we will continue to focus on that. Let’s now talk about the...

ADSL.

Yes. Let’s now talk about ADLS. In ADSL in the broadband, Telecom Italia has a clear and recognized leadership in that market. The problem that we were mentioning now in the CEO relation is that we have, let’s say, a market share in the fresh market acquisition that is around 70%. That is really important and it testifies that Telecom Italia is perceived as the real best provider for broadband. Having said that, the asymmetries in the regulation, of course, allow our competitors and facilitate our competitors to get customers from Telecom Italia. And this is in terms of terms, conditions, timing, promotions, freedom of action in the market. On the other hand, we are really, really limited in the windback policies and now the good news is that at the beginning of the year, precisely, in March 2010, a new symmetric regulation for the migration from Telecom Italia to OLO and from OLO to Telecom Italia will take place. This, of course, can... can improve our performance on broadband. In the second quarter... you asked me what we expect in the second quarter. In June we launched a new offer in the broadband that we expect to be successful in the second half of 2009. The new offer is Alice Per Day, it’s a semi-flat offer with a fixed... with a fixed fee and with a pay-per-day... it’s a pay-per-day... 2 euros per day. On the other hand, we are recovering some poor performance of some channels, I’m talking about the telesales and the push channel. The... yes, the competition in the small-medium enterprises. The competition is... of
course, is tough; we have a strong leadership in this market. Last year, perhaps you remember that we gained more or less 2% in terms of market share in this market. Now we are losing 0.5% and this, of course, is completely physiologic, if you consider that we are simply reassessing our presence. As a matter of fact, in this area we maintain our leadership, we integrated the mobile offer into the Impresa Semplice, putting together wireline, wireless, minute services and basic ICT services. This is working properly, in June, as Mr. Bernabè said in his presentation, we inverted the trend and in the first months in... in... let’s say, more or less in twelve months, we increased again our customer base. And I think... mobile VAS, market share... that’s all. Thank you.

Thank you.

Next question, please.

3. Mr. Tim Boddy from Goldman Sachs:

Yes, thanks. Just maybe one more question on the mobile business. Could you just talk about... you know, now you’ve been able to look at the response to the price increases last year, also the change, obviously, that we’re seeing in distribution. Are these responses in line with your expectations or better or worse? It would be helpful to get a sense of those dynamics. And then, secondly, if you could just talk about... you’ve already talked about when you see the business returning to growth, but essentially EBITDA margin improvement as well as revenue growth is that something you see possible going forward? Thank you.

Well, let me answer to... the first question, then I’ll turn the floor to Mr. Cicchetti. The reaction to the price increases was according to our expectations in the fixed line business and I think we did the right thing and it was very successful and, in fact, the results are very positive. In the... in the mobile business, the impact on the youngest generation and on the offering for the... for the segment of the younger users was quite... was quite strong and we are reconsidering, in terms of the segments, the pricing strategy. That is in general terms. Now I’ll turn it to Mr. Cicchetti to elaborate a little better on this.

Yes, the second question was about, let’s say, the EBITDA... the EBITDA targets. So, the sustainability of the EBITDA target is mainly due to... is due to some items: the first, of course, is, again, as Mr. Bernabè said in his presentation, the new revenue mix. So, in our... in repositioning our domestic business, we are... we are cutting some low, very low margin, or, to some extent, negative margin revenues. I’m referring to handsets, for instance. So, the rebalance of the revenues, less products, more services... revenues with higher margins than in the past will allow us... is the first item that will enable the EBITDA guidance. The second is, of course, the selective cost control, the selective efficiency plan; let me refer for a while to the commercial cost. As we said, as Marco Patuano said, we are selectively cutting commercial cost, for instance. We have been able to reduce the cost of customer care, and at the same time, we significantly improved our performance in that area. The way to do that has been to introduce and to push the non-human channels and, of course, a better organization of customer operations. At the same time, for instance, we reduced the commissioning, because, of course, we focused the commissioning schemes on the real valuable acquisition, good customers, good products. We already mentioned the handsets, where we are subsidizing and we are pushing on the ARPU generating handset; at the same time, for instance, we are investing in advertising, the expenses in advertising in the second quarter and, perhaps, also in the next quarter, will be in line with our forecast. And our share of voice starts to be in line with our competitors.

Next question, please.
4. Mr. Nick Lyall from UBS:

Hi there. Yes, it’s Nick Lyall from UBS. Could I just ask two questions, please? Could you give us a bit more detail about the roaming impact in the second quarter and maybe your expectations for Q3? And then, secondly, on the 2.3 times... on the 2.3 times net debt to EBITDA target, could you give us some more details as to why you set the figure at 2.3 times and whether it was set with the rating agencies, please? Thank you.

No, unfortunately I did not hear... Sorry, can you repeat it please?

Yes. Well, the first question was on roaming in the second quarter. Could you give us some details on the roaming impact that you saw in the quarter and maybe some expectations for Q3? And how that might affect TIM. And then the second question was on your target of 2.3 times net debt to EBITDA, could you give us more details as to why it was set there and whether it was set with the rating agencies, please?

I’d like Mr. Patuano to answer to this question.

Sorry, the line is not very clear, so I just understood that one part of the question is related to the net debt to EBITDA ratio. So, I’ll try to elaborate a possible question. Well, as we showed, the net debt has a significant influence coming from... from no monetary items. So, what do we expect for the rest of the year? For the rest of the year we are confident that we can keep the guidance. If you take in consideration that one year ago, in the second half of the year, we have been able to reduce the debt of about 2.8 billion euros, but this year we have to pay taxes... but at the same time we are improving the free cash-flow generation. So, all in all, if we, as we do expect, are able to keep this very good cash-flow performance, we are confident we can land in the 2.9 region, which is our target. Now, if we look behind this... this 2009, so the story will continue? Yes. Our commitment is to a continuous de-leveraging, we already said that the continuous de-leveraging is a target that... is an internal target, it’s something that the management gave to the company. We want to be in line with our peers, we said, one year ago, that our final target was 2.3; it means that we want to be in line with our peers, and this is still our... our intention. As we said, this year we have the one-off effect of the extra-tax payments. This year we will pay more taxes than what we will in the future, but this is the reason why we are so focused on the free cash-flow generation. Now, I hope I answered to your question, because believe me that the line was really terrible and so I tried to understand what you said.

No, that’s clear. Thanks. Did you get the other part of the question on roaming? I wanted to understand, if possible, the impact of roaming on your Q2 TIM service revenue decline and also your expectations for Q3 for roaming.

The impact on roaming on service revenues...

Okay.

Just one second, please. Oscar. Roaming.

Excuse me, you were asking about roaming?

Yes. The impact on Q2 and how there would also be an impact on your expectations for Q3, please.

Okay, let me... it’s really difficult to understand what you are asking for. But, anyway, let me talk about roaming. The performance in the first half is completely in line with the price reduction. So,
the volumes are more or less the same as in the previous years. The price reduction is putting down our revenues around 10%. Of course, it's the effect of the rating decision. Did I answer your question?

Yes, that's it. I'll see if the line's better. I'll take the (...)off line. Thank you very much.

Okay. Thank you very much. Next question, please.

5. Mr. Nick Delfas from Morgan Stanley:

Yes. Thanks very much. On capex, your guidance says 4.8 billion, I think, for this year. You’re running more like 4 billion, if you annualize H1; your target’s below 14% for 2011. Are you very likely to reach your 2011 guidance very early on capex? And could you give us a sense of what measures you’ve taken to see that reduction back down to this kind of level? Thank you.

Mr. Patuano.

Well, the target for this year doesn’t change; keep in mind that there is a seasonality effect in the capex spending, so the second half of the year is generally higher than the first half of the year. It has always been with this shape and this year it will not make any difference with the rest. So, the... we still keep our target. Probably we can spend slightly lower... less, but approximately in line. And yes, we will confirm also our long-term commitment of having the ratio that you mentioned.

Okay. Thanks very much.

Thank you. I think we will be taking one more question, because everybody is rushing to another conference call. So, please next question.

6. Mr. Mandep Singh from Berenberg:

Thank you. I would just like to be reminded on where you are with the disposal program regarding Hansenet and Sparkle and, you know, what’s going on, sort of, with Argentina at the moment, please? Thanks.

As you know, our disposal plan was a three-year plan, so we have engaged in a process that concerns a market review for each individual asset that we considered for sale. Some of the processes are going on; I think that in the second half of the year we will reach some conclusions on the process. But, definitely, given that the process is ongoing, I would not like to add more than this. At this point in time.

But... just if I can follow up... specifically, on Hansenet and Sparkle have you started to see some initial indications of interest?

Yes, there are definite indications of interest. But we will decide in the second half of the year the... how we will proceed on this. I would say that the process on Sparkle is a little bit more advanced; also in terms of Hansenet we’ve seen a great deal of interest, but we will be making a decision in... making a firm decision after September.

Thank you.
On Argentina there is an ongoing process and, again, also here we have to see what kind of terms we can get for the deal. Thank you very much.

Thank you.

So, I think that we have come to the conclusion of this conference call. I want to thank everybody and to wish everybody a good weekend and perhaps good vacations for those of you that start your vacations now. Thank you very much.

Ladies and gentlemen, the conference call is over. Thank you very much for your attention.