Q&A session:

Operator: Ladies and gentlemen, the Q&A session is now open. I would like to remind you that if you want to register for your questions, please press star followed by 1, to cancel your reservation, press star followed by 2. Thank you.

1. Mr. Giovanni Montalti from Cheuvreux:

Q - Giovanni Montalti: Hello?

Operator: Mr. Montalti?

Q - Giovanni Montalti: Yes, sorry. Sorry, just two questions, if I may. The first one on the M&A strategy: some shareholders of yours over the last weeks were commenting about the opportunity for TI to assess growth through M&A, by (…) through M&A, if you might indicate us the area where you might focus or if it might involve TI as a whole? And second if we might have more comments on the deal with F2i? Thank you.

A - Franco Bernabè – Chief Executive Officer: On the first question, growth through M&A, I think that it is enough what we have done this year: we have acquired AES Atimus for a total expenditure of 700 million and it chose that whenever there are opportunities that fit with our strategy and are consistent with our objective of maintaining the leveraging trend that we have promised, we do them. So there is no… there’s nothing more to talk about. And second the project that we have approved at the Board last… yesterday of cooperating with F2i on the development of verticals in Milan, is a project that is consistent with our strategy of pursuing the growth of fiber optics to the home in a market-driven perspective. Thank you.

Q - Giovanni Montalti: Sorry, can I follow up very briefly?

A - Franco Bernabè – Chief Executive Officer: Sorry?

Q - Giovanni Montalti: Can I follow up very briefly?

A - Franco Bernabè – Chief Executive Officer: Yes, please.

Q - Giovanni Montalti: I wanted just to understand if you might focus just in Milan for this process… for this project, as it seems from your press release, or if you might consider to, let’s say, extend the perimeter of this fiber roll-out also to other main cities in Italy? Thank you.

A - Franco Bernabè – Chief Executive Officer: Well, the company will be operating in Milan.

Q - Giovanni Montalti: Thanks.

2. Mr. JP Davids from Barclays Capital:

Q - JP Davids: Good morning. Two questions, please. The first one is on efficiency savings and the other is on IPTV. Starting with the efficiency savings, you mentioned, Mr. Patuano, that at the nine months you delivered the 2011 target; as you look into the fourth quarter and, more specifically, 2012, what is your thinking in terms of how you are going to balance opex savings versus growth, i.e. targeting growth at the expense, of maybe some opex pressure? And then, secondly on the IPTV offering that you have, or at least the KPI you are reporting, they seem to be now in steady decline: what are you going to do to revitalize your triple play offering in the market? Thank you.
A - Franco Bernabè – Chief Executive Officer: You’re welcome. I’ll ask Marco to answer the second one.

A - Marco Patuano – Chief Operating Officer: Yes. Let me start first from the potentialities of IPTV. We do not consider IPTV as the best way to deliver multi-cast video services. Multi-cast video services in Italy where there are no cables operators... cable operators, is in the hands of the open air TV and it is quite inefficient, technically speaking, to build up a platform in order to deliver online and live broadcasting services. What we are doing is we have developed, and already presented, and now it is in the commercial phase, a uni-cast platform, which is named Cubo Vision, which is a platform which allows our customers to have, through the internet, video on demand, to have catch-up TV, to access to video services over the open net. This is quite an innovative... an innovative product. It has been awarded and considered one of the most innovative at the last CES in Las Vegas, so we are... we are pretty much confident that this is the right way. So, not to push on IPTV and focusing on uni-cast internet video services. Savings: for savings we have been able to reach savings for 2012. I think that we have demonstrated that we have been quite selective in approaching the saving topic. We have not penalized any commercial investment, we have not penalized any commercial expenditures, such as commissions for the sales channel, or expansion of the sales channel, or advertising... in... especially defending the level we reached last year. The areas in which we have been able to work were platform, IT efficiency, network efficiency, by chance the partial switch-off of the IPTV also responds to a cost efficiency program. So I’m not really worried about the fact that we can change... that we can change our approach and this will drive us also in 2012. Thank you.

A - Franco Bernabè – Chief Executive Officer: Thank you. Next question, please.

3. Mr. Tim Boddy from Goldman Sachs:

Q - Tim Boddy: Yes, thanks for the question. I wanted to ask about the mobile business and just any update you’ve seen in October on trends. You mentioned that you think that the consumer is more resilient than the business sector. I guess it would be helpful to understand whether you still think the mobile business can at some point this year reach a flat trajectory in terms of service revenue development. Second question would then be on MTRs: obviously there’s still controversy around what will happen next year with MTRs; what’s your understanding of the status? And what’s your approach to the regulator on that? Thank you.

A - Franco Bernabè – Chief Executive Officer: Marco will answer to both questions, then. Marco.

A - Marco Patuano – Chief Operating Officer: Yes, thank you. Well, it’s a little bit early for October results, so let me stay on October KPIs. October KPIs have continued the trend of September. Some post-vacation weakness, but it’s seasonality, it’s not a weakness, a specific weakness of the market in consumer results. In the business and corporate environment, if we focus onto mobile, really not very much change versus what was happening before... before summertime, even if gross acquisitions are lower than one year ago and this is potentially a sign of attention for the mobile market. Keep in mind that the mobile market is mainly consumer, so if we look at the overall figure it’s consumer. So, looking forward: looking forward the price decrease last year happened mainly in Q4. So, month over month we will benefit from a better comparison with prices, that in Q4 2010 were down quite significantly, and this year, apart from VAT absorption, apart from seasonality, we are defending much better than in the past and there is no irrationality in the market, so also our competitors are quite consistent in keeping prices. Customer base: customer base, as you have seen the customer base is contributing positively and mobile broadband is up. So, all is in the right trend and it seems that we are in the right trend, so I can confirm the positive view... the positive view also based on our healthy acquisition process. MTRs: we said more than once that any MTR change is very little or even not impacting our EBITDA. Two days ago I’ve been asked to participate in a parliamentary commission in order to give our view, and what I said is that, of course, we do not recommend an acceleration in MTR decrease, but what we do recommend is no more asymmetries among the operators, the operators in the market are in market since ten years, our market is competitive, so there is no more need for any asymmetry among the operators. Then if we have to face the European Commission’s requests, Telecom Italia will not do any barricade.
4. Mr. Matthew Robillard from BNP Paribas:

Q - Matthew Robillard: Yes, good morning. Thank you. Two questions. First with regards to the fixed line network. You highlighted that IPTV you're focusing on uni-cast; surely that requires an increase in the amount of speed... or much faster speed. But you haven't had the pressure of cable to invest a lot in your network, but ultimately I guess you will have. So maybe if you can give us a sense of what kind of average speed the population has access to and how you're going to increase the speed in your network. So maybe if you could give a little bit of detail on that. And second just an accounting question: a very low level of DNA in the domestic business in Q3; is there any one-off there? Is that a kind of recurring level of DNA going forward? Thank you.

A - Franco Bernabè – Chief Executive Officer: I didn’t quite get the second question. Can you repeat it?

Q - Matthew Robillard: Sure.

A - Franco Bernabè – Chief Executive Officer: Yes, depreciation... you want to talk about depreciation and amortization.

Q - Matthew Robillard: Correct.

A - Franco Bernabè – Chief Executive Officer: Okay, okay. Now let’s first answer the first question and Marco will answer, then I’ll turn to the second.

A - Marco Patuano – Chief Operating Officer: Yes, thank you. Our approach in terms of ultra-broadband is very much articulated, because what we say is: we have to be at the same time cost-driven, so cost efficient, and demand-driven. Demand-driven means that for the time being there is very little demand of consumer ultra-broadband or, what I would say, ultra ultra-broadband, I mean 100 mega per consumer use. So, of course, what we have to do is we have to strengthen the ADSL, so we will work with VDSL, and fiber to the cabinet in order to start with having much more fiber downtown the cities, getting closer to the customer. Then, every time we have industrial concentrations, we will go directly with fiber. And industrial districts will be covered progressively in 2012 with a very selective approach and increasing the number of points of presence for GPON or FTTH solutions for enterprises. Then there is the topic of the rural areas. Rural areas will be covered mainly thanks to LTE. So LTE will be the key driver for digital divide, but not only, let me say, a best effort digital divide coverage, but a good quality digital divide coverage. So this is our strategy. And I’ll leave the floor to Mr. Bernabè on the second question.

A - Franco Bernabè – Chief Executive Officer: Yes, on the second question.. on the trend of depreciation and amortization, I mean, there’s nothing really special about this trend, except for the fact that since we are much more efficient in terms of capital expenditure and the nominal prices of capital groups are decreasing, there is an apparent downtrend in... a slow, a very smooth downtrend in depreciation and amortization, but there’s nothing special about this. Our capital expenditure in real terms is up and definitely there is nothing really to comment about this.

Q - Matthew Robillard: Thank you. If I can just follow up on the network question: would it be possible to get a sense today, you know, of what’s the percentage of households that can get more than 20, what’s the percentage of people who are below 2 or 5 megabytes per second? Is that something you can share with us?

A - Franco Bernabè – Chief Executive Officer: Yes, I'll have Marco answer, but on... there is, unfortunately in Italy there is a strong difference between the supply side and the demand side. While on the supply side our infrastructure allows approximately 60% to have a 20 megabyte coverage, on the demand side that is much lower, because the subscription rate to broadband is much lower than the actual coverage that our infrastructure assures. But I'll ask Marco if he has something to add to this.
A - Marco Patuano – Chief Operating Officer: Yes, I think that on the percentage... Franco gave you the figures, I just want to add further comments. What we are developing are offers that are specifically dedicated to some kind of usage that we see in the network. For example, people who like social media, we are delivering an offer which increases quite dramatically the uploads, and now we are ready to launch a new offer for gamers, so people who are gaming-addicted, who want to game online and so the new offer will be with very little latency on the network, because gamers need very low latency on the network. Those offers are all premium offers, because what we do is we satisfy a specific need that we discover thanks to a CRM approach and a behavioral analysis of our customers. Of course, well within the limits of the privacy.

Q - Matthew Robillard: Very clear, thank you very much.

A - Franco Bernabè – Chief Executive Officer: Thank you. Next question, please.

5. Ms. Micaela Ferruta from Intermonte:

Q - Micaela Ferruta: Yes, good morning. I have three questions. The first one is on broadband, which is the.. fixed broadband, which is the only weak spot I would say, at wireline. Do you think that the steady price approach that you adopted is still sustainable next year, given the deterioration in the macro environment? And the second question would be on consolidation: I understand you rolled out M&A, however we spoke about consolidation during the last call, so can you give us an update on the issue, or thoughts? And finally, on dividend: are you confirming the 15% annual increase dividend, which is the target, despite the fact that rating agencies are now more rigid, of course, versus Italy and in general and considering the fact that the cash-out for the spectrum auction came earlier than initially expected? Thank you.

A - Franco Bernabè – Chief Executive Officer: I'll have Marco answer on the first, and then I'll answer the second and third questions.

A - Marco Patuano – Chief Operating Officer: The answer is yes, we wanted to keep prices at the level that we see today, two reasons why. First, traditionally, if I look backwards some years, Telecom Italia and the other OLOs tried to combat with a lower penetration of the market... of the broadband market by lowering prices. So I make it more accessible in order to speed up, to make... to speed up the acquisition rate. And at the end, the final answer is it did not work. We have one of the lowest prices in Europe and one of the lowest penetration rates in Europe. So we simply made the pie smaller. Almost the same happened last year. Last year, when the OLOs started to decrease quite significantly their prices, at the beginning we had a relatively small total market increase, but at the end the market did not expand that much. We did not follow this, we defended our total revenues, and the total market revenues for broadband decreased, so the OLOs lost revenues. I... if I look forward, even if we do imagine a macro situation as complicated as it is now, I don't think that lowering prices is the right way to expand the market. More quality, innovative offers and very much attention to what customers need. Franco.

A - Franco Bernabè – Chief Executive Officer: On the consolidation side, let me say the following: I think that in Europe we need consolidation. There are too many actors in a world that is dominated by the internet, which is consolidating and which sees big players on the other side of the Atlantic. In our domestic markets, including Italy, it has been for a long time a very easy game. There was a fairly inefficient incumbent, there were aggressive new entrants, and there was a regulator that was favoring competition. Now competition is strong and the incumbents, and in our case especially, are much more competitive, much more efficient, and provide a much better and much higher quality service. So I think that the number of actors in our markets, both in fixed and in mobile, I think needs to be rationalized in the long term. So I think that there will be consolidation and, of course, I think that we are much, much better placed than in the past to be the winner in this consolidation process. On the last question you asked, I think we are on track to deliver our targets, nothing has changed, we have shown that we are capable... despite the fact that we have invested quite heavily in Latin America, in Brazil, with the acquisition of AES Atimos, we are perfectly in line to reach our targets, and so nothing has changed and therefore nothing has changed also in terms of our dividend policy.

Q - Micaela Ferruta: Thank you.
6. Mr. Nick Lyall from UBS:

Q - Nick Lyall: Hi, good morning. It was just to ask, firstly on TIM: your volumes slipped a bit this quarter and the year-on-year growth is quite a bit slower. So I was just wondering: could you explain? Is that the first signs of the corporate effect or is that something different I've missed? And then secondly again on the... the government might try and recoup some money for you, we’ve seen the reserve price go up in the auction, and VAT up; are you quite satisfied there’s no further Telecom-specific moves the government might make that you could see at present? Or is this focused on the consumer do you think? Thank you.

A - Franco Bernabè – Chief Executive Officer: Well, on the government I think that we have given enough and I expect not to give anything else. Of course, the new government will be in place I hope in a couple of days, and we will see. But definitely what we hear from the people who are involved in the process is that what we really need is growth. And therefore I think that the new government will not take any depressive measures. On the first question I’ll ask Marco to answer.

A - Marco Patuano – Chief Operating Officer: Yes, on volumes... volumes: if you look at volumes quarter-on-quarter, instead of year-on-year, we are improving, we are still improving. Now, the decrease in the growth rate is mainly a comparison effect. So, last year when we started cutting prices once again, we boosted up volumes. Now we are keeping prices constant, we are just changing a little bit the portfolio, but with pretty much attention to the average price, so we give more flexibility to the customers, we give them more possibility to talk, we tend to stimulate their usage, but we are pretty much conscious in defending the total expenditure of the customer. We don’t want to cut the voice, the total expenditure as we did in the past. So, this is the reason why volumes are still up but with, let me say, less speed than in the past. Then keep in mind that our customer base is growing. So, we have more customers and more customers generate more volumes, with a usage which is fairly constant. Thank you.

Q - Nick Lyall: Okay. Thank you.

A - Franco Bernabè – Chief Executive Officer: Next question, please.

7. Mr. Nick Delfas from Morgan Stanley:

Q - Nick Delfas: Yes, thanks very much. Two questions. First of all, you've invested more this year in Argentina. I just wondered whether you could comment on the various capital controls that are being instituted there against at least oil and mining companies. In certain respects the country seems to be approaching Venezuela in these situations. Could you talk a little bit about whether you can take money out of Argentina right now? And whether you think that would change? And secondly, on the broadband market: the total market seems to be shrinking at the moment; is that an impact of the economy? Is that because household formation is going to reverse? Thank you very much.

A - Franco Bernabè – Chief Executive Officer: On Argentina I think that what is happening now is that the government is taking a very positive approach on problems that have been developing for... over a very long period of time, and we see very positively the actions that have been taken recently or are taken recently by President Cristina De Kirchner in terms of eliminating the subsidies in the economy that distorted relative prices, cooling off wage negotiations and reestablishing a healthier macro economic environment. I think that President Cristina De Kirchner is on the right track, we, by the way, since we have put money in Argentina, although to a somewhat limited amount, we don’t see any reason for taking money out of Argentina and I think that the comparison with Venezuela is totally inappropriate.
Q - Nick Delfas: Is there any restriction on taking dividends out today? I mean, presumably you will want to take dividends at some point.

A - Franco Bernabè – Chief Executive Officer: No, there are no restrictions. There is a... how can I say... a moral... a moral pressure from the government, but there are no restrictions at this point in time.

A - Marco Patuano – Chief Operating Officer: On broadband: yes, the total market in Q3 shrunk, it’s the very first time that OLOs lost customers in broadband. Of course there is a slowdown, that is a matter of fact. So, what we have to understand is how deep was the clean-up that our competitors had to do, keep in mind that the number of lines with double-play in the fixed... in the fixed market of the OLOs is significantly higher than the total number of broadband lines in TI. This means that when you refer to OLOs, a decrease in the total number of lines of the OLOs ends up with a possible or potential decrease also in the broadband, which is much less the case for Telecom Italia. So I think that some clean-up happened, because I see the October figures and October is not explosive, of course, but it is not as depressionary as it has been the third quarter. When I see the number of petabytes that are... that have been transported in our network, it’s growing and the usage and the usage profile of our customer base or the rate of activity of the customers has not changed. So I think that OLOs did a mass clean-up. Because this means some cost reduction or some efficiency they had to do. We have been... another element: we have been in 2011 very strict in terms of antifraud procedures and these, you know, fraudulent users, when they find the door closed on one side they try another side. And maybe... of course, I’m just making speculations, but maybe there was also some fraud clean-up to do in the market. So, all in all, the market is not exciting, there is, I would say that a stable market is a better definition than a shrinking market.

Q - Nick Delfas: Thanks very much.

A - Franco Bernabè – Chief Executive Officer: Next question, please.

8. Mr. Georgios Ierodiaconou from Citigroup London:

Q - Georgios Ierodiaconou: Yes, hello. I have two questions. The first one is on the capital increase of Telecom Italia Brazil: the effect of the increase was it increased the leverage of the parent company and further reduced the leverage you have in Brazil. Do you have any plans to change that balance over the next few years? And if not, can you explain to us what are the benefits of you increasing the leverage in Italy and keeping it low in international businesses? And whether you have any way of catching currency risk? My second question is on the value-added services performance. It has improved and the growth was around 6.5% this quarter, but if I was to compare with Vodafone, they’re running at around 20% growth in data. Given that you are gaining share, can you please explain the reasons why the revenues are still weaker than your main competitor? Thank you.

A - Franco Bernabè – Chief Executive Officer: I’ll have Marco answer the second and I’ll answer the first afterwards.

A - Marco Patuano – Chief Operating Officer: Okay. On total VAS, you know, the comparison between TIM and Voda has to consider a pretty different profile of the users. The customer base of Voda is younger and so the propensity in order to use some kinds of VAS has been traditionally very high. For example, you can see it very easily looking at sms... messaging. So, this is the reason why we have developed some dedicated offer in VAT for young guys, the so-called TIM young offer, which is intended to stimulate not only the usage of browsing, which is going well, in any case, without stimulating it particularly, but especially on those VAS in which we were weaker, like sms, for example. So, if we look at the trend this is... this is an explanation. Then on innovative portfolios we are developing a lot of stuff, we launched a service for music streaming for young guys and so on and so forth. Keep in mind another topic, which is specifically related to browsing. Browsing we are doing extremely well on small screen, and on large screen the growth rate is not very big, but we were number 1 and we still are number 1, we have more than 36% market share, and the... we are defending it and we are growing also in this case more than the market. So, if I go inside the value-added services line by line, I see that I’m still significantly smaller than Voda in terms of messaging, but the momentum is... is very good, because we were weak and we are improving very well and fast.
In browsing we outperform the... what Voda did. Voda grew less than 18% and I grew close to 19%.
And then there is content services that, honestly, I do not know where they are booked in Voda, I
know where I do book them and traditional contents are slowing down, I mean ring tones, wallpapers
and so on. And so we are developing new services, internet-based... in the past. We never
mentioned, but since you asked me I'll do it, that since last year we decided to lend the DVBH
service, which was in the content... booked in the content for TIM. It... the value of the closing
process was 16 million euros that entered the... positive... that entered into the content revenues
third quarter 2010, and, of course, they do not exist anymore this year. Keep in mind that last year
when we booked those revenues, those revenues had no impact on EBITDA. So, this was just a
transaction... a settlement we did with the Mediaset group in order to shut down the DVBH service.
So, we're doing well on value-added services.

A - Franco Bernabè – Chief Executive Officer: On... on the capital increase in Brazil, I think it's
important to note that most of the capital expenditure that was envisaged in our plan is dedicated, of
course, to the expansion of our fiber optic networks is covered by the acquisition of AES Atimus. So,
considering the fact that minorities have contributed to the capital increase and the capital increase
was very successful, this is positive for us in terms of the overall financial position, looking at the
three-year plan in Brazil. Moreover, given the fact that we have moved the listing of TIM Participacoes
to Novo Mercado, we think it was fair to the market to allow minorities to enjoy the benefits of this
success that we are experiencing in Brazil. Thank you very much. Next question, please.

9. Mr. Justin Funnel from Credit Suisse:

Q - Justin Funnel: Thank you. Yes, just a couple of questions, please. Firstly on the European
Commission's proposal to potentially lower copper (...) prices to encourage fiber investments, targets of
trying to get half of people in Europe onto 100 mega by the end of this decade. It seems a bit crazy to me, I
guess you have similar views. I was just wondering to what degree you're able to fight off this threat. Do you
think, for example, AGCOM is going to take a particular position on this... you know so if you had to roll over
that fiber it could threaten the balance sheets quite significantly. Secondly, just turning on capex: I was just
wondering if it's too early in the year, if it's too early in the process, but whether you can give a bit of an
outline for capex next year, there's a need more 3G built in Brazil and I guess you got 3G built in Italy.
Should we expect capex at group level to rise next year, please? Thank you.

A - Franco Bernabè – Chief Executive Officer: Yes, on the first question, you know that we have taken
a very strong position, because I think that it's not to the politician to dictate the architectures and
the technology solutions that we have to implement. I think that, from our point of view, we want to
serve our customers and give them the highest spent with.. as possible, the highest spent that they
demand, and I think that there are lots of technological opportunities, I mean, including copper. I
think that when some politicians thought that copper was outdated, I think that they've taken a big
risk in saying so. In fact, as you have seen, technology developments, vectoring, and so on and so
forth, give new life to copper and revaluate the value of the copper network. I think that in the long
term we will have plenty of bandwidth available for our customers, fixed, mobile, with a variety of
solutions, so I think that either at the national or at the European level they simply need to stick to
the desire to increase bandwidth for the entire population. But, of course, this is something that we
do... we do because we think it is our duty and this is the reason why we are on the market: to better
serve our customers. On the capital increase... on the expenditure, on the capex increase, I think that
what will happen in the next few years is that the face value of... or the nominal price of capital
goods will keep decreasing, the infrastructures, the architectures through which we will be serving
our customers will be less expensive than in the past and therefore, despite the fact that in real terms
we will have higher bandwidth, better services to our customers we will not be seeing increases in
the nominal level of our capital expenditures. Thank you. Next question, please.

10. Mr. Chris Elliott from RBS:
Q - Chris Elliott: Good morning. Thanks. Yes, I just wanted to ask, going back to broadband again, whether you could provide some comments on gross ads that you're seeing, possibly across the market, if that's possible, but certainly at TI. And the levels of turn. I'm just wondering if we're seeing similar trends to the net ads in gross ads as well or whether there's any slight difference in the trends there? Thank you.

A - Franco Bernabè – Chief Executive Officer: Marco?

A - Marco Patuano – Chief Operating Officer: Sorry. Yes, of course. Gross additions… gross additions: we saw in total less gross additions, in total, but the most important phenomenon is Brand New and I think it has been stimulated by the price policy that the OLO launched last year was the intra-OLO turn. So… which is, to some extent, also good, because I make money on the wholesale twice with the same customer, activating and reactivating the same customer twice. But I'm being serious once again. The most relevant phenomenon, as I told you, is on the one side, intra-OLO turn, on the other side a very important clean-up, a very important disconnection phase that happened during the summer in the OLOs. We did not see inside our customer base a disruptive phenomenon in terms of turn. And we did not see any change in customer satisfaction; we perform on a monthly basis a review and we make something between 2000 and 3000 interviews in order to understand the perception on quality, price, value for money, and so on. So, we did not see inside our customer base any disruptive change. So, what we do see is more on… on the OLO side. Better, I would say that in Telecom Italia the broadband turn rate is decreasing year-on-year. So, this is probably the reason why I was saying that in October I do see an OLO market which is relatively safer, which is a good sign, believe me, I'm happy that they are not shrinking, because I assume that part of this decrease was a clean-up.

A - Franco Bernabè – Chief Executive Officer: Thank you. Next question, please.

11. Mr. James Britton from Nomura:

Q - James Britton: Thanks, good morning. The first question is on mobile: can you tell us what the mobile service revenue growth trend was in the quarter? And particularly the exit rate in September? And then secondly on the fixed line side: you're set to improve the access line loss trend. Can you just specify the key reasons for lower turn and, despite the increase in prices you've put through, there's a current level of 130-140,000 per quarter sustainable for next year? Thank you.

A - Franco Bernabè – Chief Executive Officer: Marco.

A - Marco Patuano – Chief Operating Officer: Okay. Marco speaking. Service mobile revenues first. First of all, let me just remind you a figure that we are showing in our presentation, because I think it's important... talking about numbers, and then we'll talk about phenomena. Talking about numbers, when we look at the service revenues, we have to look carefully to the retail service revenues, because there are also some wholesale service revenues that tend to influence the overall number. So, if I look to the... when I talk about wholesale service revenues there is the contract with the... for the national roaming of Hutchinson and there are some transits that we manage in our network. So if we take... if we take out this, because it's not really very much related to our commercial performance or what we do in terms of marketing and sales, the service revenues are below 7% year-on-year change in... which is a little... slightly better than what we expected, that was in the range of 7%. And I think it is a little bit better than what most of the analysts had in their models. So, I know that it's not easy to isolate those wholesale revenues, but this is it. Looking to the phenomena, and your question on what kind of contribution we expect, as I said before, the three major phenomena are in continuity with what is happening, I mean price, stability, I would say and prices almost stable, customer base still growing, and volumes growing at a lower pace than in the past, of course, but supporting. So, in terms of value, better, in terms of contribution to the year-on-year comparison, better, and a very safe process... a lot of attention in keeping safe the acquisition process both in terms of gross ads and in terms of mobile number portability. Fixed: here too it is counterintuitive the fact that keeping prices we are performing well in terms of turn. And this is exactly the reason why I'm saying that I'm not willing to change our strategy for the future. We can lose a customer for pure price, but we win him back for quality. And quality is overall quality: it's fault rate, it's service post-sale care, it's... so 70% of the win-backs when we interviewed them on the
reasons of their return to Telecom Italia it’s better quality and better post-sale, better quality of the service and better post-sale. So I think this is key and so I don’t see any reason to change our value-based approach. Thank you.

A - Franco Bernabè – Chief Executive Officer: Thank you, Marco. We are now taking the last question.

12. Mr. Ottavio Adorisio from Société Générale:

Q - Ottavio Adorisio: Hi, good morning gentlemen. I have a couple of questions. The first is related to operating free cash-flow in domestic and the second on the Consip. So, taking off from the operating free cash-flow: today you basically announced a quite good trend, a 15% increase, I see working capital at -1 billion and that almost consumed 20% of the cash; I was wondering if you could give us a bit of an update with respect going forward and if that 1 billion could be absorbed for the full year? The second question is on the Consip contract: now, you recently won back the contract from Fastweb, it’s a sizeable contract, so I was wondering if the migration from Fastweb has already started, and if that migration has contributed to the improvements we’ve seen in the quarter on the fixed line or the main impact would be in the next year. Thanks.

A - Franco Bernabè – Chief Executive Officer: Thank you; the first question will be answered by Mr. De Angelis, and the second will be answered by Marco Patuano.

A - Stefano De Angelis – Group Controller: Regarding the 1 billion figure flow absorption from the working capital, for the fourth quarter we expect, as it happened in 2010 and in 2009, a substantial recovery. This recovery will be driven by the same reason that is generating the negative contribution to the nine months’ results, that is the payable impact. As you know, we have more than 30% of our cash cost that is concentrated in the fourth quarter, in these nine months we are paying the cash cost of the fourth quarter 2010, when we will book the cash cost of the fourth quarter 2011, that will be paid in the first quarter of 2012, it will generate a positive impact that we can estimate at approximately 600 million euros in the fourth quarter.

A - Marco Patuano – Chief Operating Officer: Thank you to the Guru of the working capital… I’m answering on Consip: you’re right, Consip was a very important contract for Fastweb so they’re fiercely paring in order to defend it, and so there have been… they did two separate things: the first the auction has been challenged in front of the administrative court and we are in the process of... we have been declared right the first time, so now we are looking for the second level of judgment, but we are convinced that our rights will be defined. And second, you asked if the migration started; the answer is very slowly. Very slowly. So, better... very slowly in the fixed, it’s full steam in mobile, in the mobile we won for the second time in a row the mobile contract and the mobile contract expanded the total number of lines that we were entitled to... to underwrite. So, the bulk of the Consip 4, which is the fixed one, will be 2012 now, I assume.

A - Franco Bernabè: Okay. Thank you very much. Thanks all for attending this presentation and have a good weekend.

Operator: Ladies and gentlemen, the conference is over. Thank you for calling Telecom Italia.