Operator: Ladies and gentlemen, 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. JP Davids from Barclays Capital:

Good morning, and thank you for taking my questions. The first question on TIM Brazil, the listing, and then a question on the domestic mobile business. Firstly on TIM Brazil, the listing on the Novo Mercado. As the major shareholder, I would have thought you'd be in control of corporate governance already. So what are the primary advantages or benefits for you as the major shareholder in moving this listing? Does it reflect your commitment to the ongoing holding in the company? And then on the domestic side of the business, if we could just have a look at Mr. Patuano's slides and in particular his slide on consumer mobile, which is slide 13; you talk about outgoing prices up... sorry, outgoing prices down 31%, outgoing traffic up 29%. It would seem to suggest that outgoing revenues are pretty much flat, yet consumer is down 10. Does that mean the rest of the... the rest of the revenues data, etc. is down 20? Is that sort of reconciliation correct? Thank you.

A - Franco Bernabè: Thank you, Mr. Davids for your question. On the first point that you raised, that is why have we decided to migrate TIM Participacoes shares to Novo Mercado, I think that listing on the Novo Mercado will provide all TIM Participacoes shareholders the best conditions in terms of liquidity of the stock and in terms of transparency and accountability. What we want to do is that we want to accompany the economic, commercial and financial development of the company in Brazil in general terms with an appropriate upgrade in our presence on the local financial market. I think that our move will be followed by other major players, I think that having the first-mover advantage will put us in a better position in terms of providing the necessary boost in terms of commitment to the local market, to participate in the consolidation process. What we really want to testify with this is that we are in Brazil to stay, we think that the potential for growth of the Brazilian market is strong, we want to have all the... all the potential for improving our presence and participating in this consolidation process of the Brazilian market long-term. And now I turn it to Marco for the answer on the domestic market.

A - Marco Patuano: Yes, thank you. Well, first of all, we are focusing on the consumer. And just let me say that there is a little math trick in what you were saying. Because if prices go down 30% and volumes go up 30%, the net of the two effects is not zero. You start from 100, you cut 30% in your prices and you go down to 70, you increase your volumes 30% and you go up to 90, not to 100. Now, what is happening on the other lines... this is, of course, the major... the major element, which is the outgoing voice. What is going on in the other... in the other parts of the revenues: value-added services are mostly flattish, given the fact that SMS is -1, broadband is mobile broadband is growing, and mobile contents, you know, wallpaper and ringtones and so forth are going down, and they will go down even more with the further introduction of smartphones. The received... the business received, so the entrant... the incoming calls are going down at the same part of the MTR, so there is no elasticity effect on this and, as I said, now the customer base is almost in line with a year ago, so let me say that 100% of the effect is MTR. And what is missing is visiting, and visitors. There is... so let me call it wholesale. Visitors are going down almost 4%, and there is a wholesale agreement with Hutchison 3 that is causing a further reduction in the wholesale revenues. I hope I gave you all the details.

Q - JP Davids: Thank you. That's very clear.

A - Franco Bernabè: Next question, please.
Good morning, thank you very much. Just two questions, please. The first one is on delta revenues: you already touched on the fact that you had some exceptional problems, but even without it, over the last couple of years delta revenues, interactive value-added services have been flat, while for your major competitors they have gone up roughly 40% over the last two years. Is it something you expect to see an improvement in the second half of the year or is it a case that, because of some problems in the base in the segment, is more a case of Vodafone’s growth coming down rather than yours accelerating? And then my second question is on KPIs in fixed: you appear to be running below your target for line losses and for broadband net adds. Is it a case of the public administration contract is going to kick off in the second half of the year and will help you meet the targets or do you think it may be a bit ambitious right now? Thank you.

A - Marco Patuano: Okay. Let me start from the second, so the KPIs on the fixed. Yes, the answer is yes, we are late, as I started saying at the... commenting the results of the fourth quarter, it was a decision. We had to decide if we wanted to defend the value of the market even having in mind that we have to think the forthcoming business model of the ultra-broadband. If we accept to enter in a price war on the internet, it will be extremely dangerous in the future, when we will have to sell ultra-broadband connectivity at the proper price. So, I think that this is extremely important and, of course, we.. what we are doing and what we are experiencing is that if we are a little bit short on this, we are doing very well on ICT, so not necessarily on the public administration, but on the ICT in general. Of course, the public administration will help in the second half, and also in terms of line loss win-back cap removal, so I think that there are more than one element. Today, if I can tell you something that is positively impacting and positively giving us good signs and good results is ICT. Then you asked me about data: so, data revenues... I was wondering to understand if you were referring to mobile data or to the fixed business data. Can you just give me this...

Q - Georgios Ierodiaconou: I was referring to mobile non-SMS data.

A - Marco Patuano: Mobile... browsing. So, mobile browsing. Correct. No, we are not flat. We have a +5.5% year-on-year on the consumer; in the business, as I tried to explain, it’s a little bit more complicated, because we voluntarily decided to protect our positioning on the customer base and we voluntarily adapted the measures, correcting the shock bill phenomena. So, especially small and medium companies were having significant problems coming from unexpected bills in the order of magnitude of 2000 euros, 3000 euros per line, coming from data, given the fact that there was an exceptional use of data. Now we completely changed our offer, we decided not to apply and to recognize to those customers the satisfaction of having their bills corrected. So, I think it’s important. Today it’s a decision aimed to defend the market share. So if I focus... at the end, if I focus on the consumer broadband... mobile broadband, it’s almost a +6%.

Q - Georgios Ierodiaconou: Thank you.

A - Franco Bernabè: Next question, please.

Yes, good morning, Micaela Ferruta from Intermonte SIM. I have one question on the Consip contract. Could you tell us the discounts that you offered on Consip and the yearly incremental impact of the new contract versus the share of the contract that you still held in the past? The second regards the mobile termination glide path proposed yesterday by the Regulator. It actually calls for quite a harsh reduction and I know that you said it is neutral on your EBITDA. So I guess you’ll confirm this. I’d like to understand how you think this will impact the retail pricing environment and competition. And if can ask a general question on domestic trends for Q2: actually, aggressive ADSL pricing is still there, and I guess weak macro will still have an impact on mobile, so I was just, I would just like to hear whether you expect... whether we should expect an improvement of domestic trends in Q2 already or we'll have to wait for the second half of the year to see an improvement versus what we saw this quarter. Thank you very much.
Marco Patuano: Okay. Marco Patuano speaking. First, Consip: Consip, first of all, what is in terms of number of lines... number of lines there is a delta... an increase of around... a little bit less than 200,000 new lines coming from... starting from Q3. So this is when the Consip contract will apply. On... on voice, so on prices, the correction in terms of voice has been marginal, I think that the most effective part of our proposal was on data. We have been very aggressive on data, mobile data, I mean, since we consider that the public administration has to jump into the future also in the mobile business and they're using the mobile telephony as a phone, and we are giving them the possibility of using it as a data, an internet product. Second, MTR: well, first of all, let me say that definitely the size of the decrease is higher than expected, I would say much higher than expected. Second, last quarter, if you remember, I spent some time in order to explain that the effect on our profitability of this... of a potential cut in the mobile termination rate is extremely low in our accounts, and this is quite different from the situation of our competitors, that I don’t know in detail, but I think it should be different. Third, it is evident that this glide path determines a change in the revenue model. So, we started one year ago with a fierce reduction in our prices and today, if this glide path will be confirmed, I would say “thank to God”, because this will impact quite significantly the way we will sell the mobile business and the fact that we are pushing on bundle offers is extremely important. And a last brief comment: if it is confirmed, I consider the possibility of an acceleration in the consolidation of the Italian market. Q2: “what you should expect in Q2”. Yes, an improvement in the revenues even if there is a very specific... a very specific one-off event, which is the IFRIC impact on 2010, but if you take the presentation of one year ago, you can find... you can find probably the details.

Micaela Ferruta: If I can follow up, I’m sorry, I was actually referring to the Consip contract for fixed telephony, I’m sorry, I didn’t specify it, rather than mobile. I don’t know if you can elaborate.

Marco Patuano: Yes. So, in fixed the situation is completely different. In the fixed we won a contract, the main difference is that in the mobile we were already the winner of the previous contract, while in the fixed we were not. So, the impact in terms of new lines is significantly more important. We are talking about an estimation of half a million lines. And, of course, there is... in this case there is an impact in terms of average price, the average price we offered. It is not that relevant how much lower than the bid demand was, but it was lower than our previous... our previous price. So, I would say that the net impact on the existing lines shall be in the range of 100 million.

Micaela Ferruta: Thank you.

Marco Patuano: You’re welcome.

Frederic Boulan from Morgan Stanley:

Hi, good morning. I just wanted to clarify a bit further on those PA contracts. So, on the fixed side, Swisscom/Fastweb two days ago were saying that they’re not expecting any meaningful change in revenues from this revenue stream. So do you expect the PA contracts... administration to increase spending or are you taking shares from a third operator? Can you clarify a little bit? And again, so you’re talking about 1.3 billion incremental revenue; can you tell us roughly how much that is in fixed on the annual run-run basis? Thank you very much.

Franco Bernabé: Marco?

Marco Patuano: Well, I think that the comment of... of Fastweb depends on the fact that they had 75% of the total lines of the public administration and we previously had 25% of the total lines and now the situation is exactly the contrary: we won the largest part. So we will have 75% and they will have 25%. So, we have... we will expand our number of lines, and this is very beneficial. Second, on the public administration there are several other... several other contracts that we are participating in and we are winning, starting from maintenance of the switching, starting from outsourcing of some... of some ICT infrastructure. So, there are several other contracts that are going on on which we are, I won't say the “leader”, we are, let me say, something more than the leader, we are the partner, the reference partner of the public administration.

Frederic Boulan: Okay, so what kind of incremental revenue should we expect on an annual basis?
A - Marco Patuano: Well, you have to consider that in year 1 there are two effects that tend to compensate each other. So, we apply lower prices, and the lower prices will apply to all the customer base we already had, and, second, we will enlarge the customer base. So, we will... we will.... we consider that in the first year it is a one-digit... high one-digit.

Q - Frederic Boulan: Okay.

A - Franco Bernabè: Next question, please.

5. Mr. Ottavio Adorisio from Société Générale:

Hi, good morning. I have a couple of questions. The first on domestic fixed and the second on free cash-flow generations. Going to the fixed, and looking at domestic broadband, it looks like pricing pressures from your competitors have continued, and they were financed by a big increase in their own customer bases. Now, considering that most of your competitors are unbundlers, and therefore use your network, I was wondering if you could give us some color on trends in customer turn among those unbundlers and any change you might have experienced in your backlog for win-backs. Moving to free cash-flow, it looks that part of your improvement that you recorded this quarter was due to the disappearance of cash payments that were labeled in first quarter last year as “other items”. Those payments amounted to a negative 205 million negative. Now, could you please give some color on the nature of that cash outflow? And possibly confirm if the improvements you recorded this quarter would be structural. Thanks.

A - Marco Patuano: Okay, Marco Patuano, I will answer to the first question. I think that in the domestic broadband what we see right now is that Wind Infostrada has reduced pricing pressure by almost half of what they were doing before. So, if you remember, I was mentioning that I consider their extra-strong promotions something that should not continue in the medium-term, and this is... this is happening. I think that this is the reason why I'm still convinced that it was correct to avoid the price war, so not reacting. Of course, we suffered a little bit in terms of market share on the acquisitions, but I think that this is correct. At the end, also Fastweb did exactly the same, and... and it was correct. If you talk about trends, we have to consider that now we are starting introducing the first ultra-broadband offers. So, introducing the ultra-broadband offers gives us the possibility of differentiating the quality of service, so not only having the basic broadband and the ultra-broadband, but also to introduce some premium broadband, in order to better differentiate the service we give to the customers. On the basic internet we have one of the cheapest in Europe, and I don’t think that prices can increase in any possible way. We will introduce a premium ADSL, that will offer a differential quality, both in terms of downstream and upstream, and these will be premium-priced, something in between the basic internet and the ultra-broadband. I think that this is something that, if I look at the European level, this is something that we are not the only big player who’s willing to do this. Of course, you were also talking about other services, and this is very important. Now I'll leave to Franco the second part of the question.

A - Franco Bernabè: Yes, on the... on the free cash-flow generation, you are asking whether it's structural. If you look at the table that we presented, you will, of course, know that, apart from exceptional items, we have substantially increased our free cash-flow generation, which you remember is one of the key features of our plan and the targets we have given ourselves over the next three-year period. This structural improvement that we have registered this quarter is coming from, of course, as you have seen, from EBITDA minus capex that we have achieved this quarter. And basically, what we are doing is to optimize this in terms of... of a more efficient use of fixed investments, in terms of pricing, in terms of platforms, in terms of solutions, an improvement also in the management of working capital, where you see that we have, again, achieved an improvement. So, I would say that the EBITDA minus capex relation, although it has been particularly strong this quarter, is on a structurally improving term on the long-term. On the point... on the specific point that you raised, that is the 256 million euro that you see there, they’re coming mostly from... they’re coming totally from the fiscal... the tax that we’re paying in Brazil, and I think that, given the complexity of the problem from a technical point of view, I would ask you to refer to the investors relation that will explain to you exactly what is the impact of that, which, of course, is a recurring item in our yearly accounts in Brazil. Thank you.

Q - Ottavio Adorisio: To you. Many thanks.
6. Mr. Tim Boddy from Goldman Sachs:

Yes, thanks. I just had a couple of questions. The level of detail you’re showing us on the mobile business is very helpful, but I feel like I’m still sort of missing the big picture, and that your strategy last year obviously was around the community offers and lowering prices and why has it kept customers more captive. What’s your strategy in mobile now? To stabilize and hopefully return the business to growth over the next, say, 12, 12-18 months? And then on the Consip, I don’t want to keep going on this, but I have to admit I’m quite confused as to exactly what the impact is. My understanding is that the net effect of everything is more lines, but lower prices, it’s slightly dilutive to net revenue but accretive over time, as more customers come on. Have I understood that correctly? Thank you.

A - Franco Bernabè: Marco.

A - Marco Patuano: Okay. You’re right that the excess of details sometimes takes… creates problems in looking at the big picture. So, one year ago it was mandatory to review the price scheme. We were playing with an ultra-price differential versus our competitors. We did it, now I’m happy with the offer I have and we… the rule of the game is: in the consumer, stabilization of the prices, avoiding any further price war and the fact that the current offer we have in the market is appealing is given by the fact that we are experiencing good gross acquisitions, mobile number portability balance is… sorry, is more balanced, and I think that what we have to do in the consumer is we need to work consistently and to keep focused on the sales more than being creative on the marketing. Quality is a must. The expansion of the smartphones is important, because it allows us to further expand the mobile broadband revenues that we expect in the second half of the year to be very supportive. In the top and… so this is… this account almost for 65% of my mobile revenues and this is the strategy. In the top and in the business… in the business segment, we decided to defend the market share, we decided to have… to have happy customers and now what is important is to keep under control the price dilution and to increase… to increase the mobile broadband penetration, not only through smartphones, but also introducing the tablets and introducing more machine-to-machine opportunities. So Consip: you’re right, the effect is, at the beginning, lower prices, and after the lower prices we start to increase the number of lines. Of course it applies from September, so we are already preparing our sales forces in order to be… to be ready to go on the market. The contract is good because it is long: it’s 3+1+1, so at the end it’s 5 years long. This is the reason why it’s very good. We have a good portion of our… of our business customers with number of lines and prices fixed for the next 5 years. This is extremely beneficial in a business that should be on the other end with some price pressure.

A - Franco Bernabè: Thank you. Next question, please.

7. Mr. Nick Lyall from UBS:

Morning. It’s Nick from UBS. Can I ask two questions, please? You’ve given guidance firstly on costs for the domestic business of 9.8 billion. Can you tell us if revenue proves more difficult in the second half, where’s your greatest flexibility on domestic cost, please? And then secondly on the bill shock numbers, what do you expect for future quarters? Is this a one-off hit you’ve taken or do you expect an effect also in Q2 and possibly a bit in Q3 as well? Thanks.

A - Marco Patuano: In order to properly answer to your first question, I would like to drive you to the first page of the appendix. So, I ask you pardon if I put this slide in the appendix, but I think it could be helpful to give a look at it. If you see revenues, EBITDA and opex, you see that it was intended an acceleration in… in the second half of the year also in our original… original plan. Why? Because in the second part of the year we had the repricing of the wireline, that will help in terms of… of revenues, and in the second half of 2010, we had the acceleration in the price reduction in the mobile outgoing traffic. And this, as I said before, our strategy is to keep the price in 2011 as stable as possible. So this is… then there is ICT, and in ICT we performed very well in the first quarter, and we believe that the first quarter for ICT is the toughest one. The EBITDA: we are working hard in order to reduce costs, with just one exception, which is: acquisition costs. On the acquisition costs this year we are spending more than one year ago, but I don’t consider any other cost out of the scope of efficiency. So, acquisition costs are the ones we will focus on, and we have good… good space for
working… working on other lines, caring is one, fixed cost is one. Then, of course, I say something which is almost obvious: if revenues are lower, some direct costs will not appear, like interconnection, for example. And this was the first question. Sorry… oh, the shock bill. The shock bill was the second. In the second quarter there is still something less, I would say half of it, but something is still in the second quarter. We decided… we made the decision just after the summer last year, and so starting from Q3 the effect is zero, or almost zero.

Q - Nick Lyall: Okay. Thank you.

A - Franco Bernabè: Okay, I'll be taking the last question now.

8. Mr. Giovanni Montalti from Crédit Agricole Cheuvreux:

Good morning. A few questions, if I may. If we can have a bit more color on the M&A strategy you were talking about, Mr. Bernabè, in Brazil. I was understanding it should be, let's say, minor 1 like the Intelig deal, but I don't know if you were also thinking about a potential, let's say, measured deal in the consolidation process in Brazil, if you can give us more color on that? Thank you.

A - Franco Bernabè: Well, thank you for this question. What I said before is that we are preparing ourselves. We want to… we think that we see few markets growing now in the world. If you look at the figures that all our cousins around Europe are coming out with, you will see very clearly that Europe is suffering a very bad period of time for a piece of communications, so I think for other sectors as well. So the macroeconomic environment in Europe is not very exciting. So what we have decided to do is to focus on our Latin American activities in terms of the potential that they have for expansion, but mostly we are focusing on Brazil. Brazil has shown that a good management team, a focused strategy can turn around the company very well, and we think that in Brazil there are lots of opportunities because it's a large market, it's a market that has great potential, a market that, of course, needs a lot of infrastructure. We think that time-to-market is of the essence and therefore we have… we want to have all the panoply of arms in our disposal to go ahead and move whenever the opportunity comes. So I think that this is what we really intend to do and this is the reason why we moved on to the Novo Mercado, I think that it will give a great boost to our operations there and I think that it will create great value for the shareholders at large. Thank you very much.

Q - Giovanni Montalti: Sorry, may I follow up?

A - Franco Bernabè: Excuse me?

Q - Giovanni Montalti: May I follow up? Just a quick one?

A - Franco Bernabè: Yes, please.

Q - Giovanni Montalti: So, if I understand well, let's say we can roll out measured deals, I mean, probably not tomorrow, but, I mean, in the medium term we can roll out a measured deal, I mean. You will roll out that. And lastly, on the… on the domestic business: whichever the impact, I just wanted to know if you are considering the Consip contract, both fixed and mobile, and the, let's say, reshape of your fixed offer as included in the guidance or is it something we should consider on top of that? Thank you.

A - Franco Bernabè: It is in the guidance.

Q - Giovanni Montalti: Thank you.

A - Franco Bernabè: Okay. I think that we finished the conference call. Thank you for attending and we'll see you the next quarter. Thank you very much.

Operator: Ladies and gentlemen, the conference call is over. Thank you.