

Q&A session:

Operator: Ladies and gentlemen, the Q&A session is now open. I'd 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. **Nick Lyall** from **UBS**:

Q - Nick Lyall: *Yes, hi there. Can I ask two questions, please? Firstly, for Marco, on the MNP data, it looks very positive now into October. Are you also happy that your service revenues will benefit as well, Marco, for TIM in Q4 by a sort of similar quantum. And then secondly the debt reduction is key for Q4 as well, but given the business market is very difficult, are you still happy you'll see working capital rebound substantially in Q4 as well and benefit the debt number? Thank you.*

A - Marco Patuano – Chief Operating Officer: **MNP, yes I'm... I don't want to say that I'm happy for the MNP rebound, because the MNP rebound comes from a huge quantity of MNP in and a huge quantity of MNP out. Which means that we continue to burn a lot of value in the market. But since... if we don't reach a stable balance it's difficult to hope in a more rational behavior. So, yes, I think we will have a benefit on Q4 but it's not correct to say that I feel good with this situation. For... for the second question I'll leave to Piergiorgio.**

A - Piergiorgio Peluso – Chief Financial Officer: **Yes, thank you. In the fourth quarter we expect a variation of working capital which is slightly better than last year year-on-year, with a number which is in the region of 1.2 billion as a group. And this is composed by 0.6 in domestic, which is flat year-on-year, and 0.6 in Latin America, which is slightly increasing year-on-year, let's say broadly... broadly flat.**

Q - Nick Lyall: *Thank you.*

2. Mr. **Mathieu Robillard** from **Exane BNP Paribas**:

Q - Mathieu Robillard: *Good afternoon. Thank you very much. Two questions, please. First with regards to network separation: I don't know how much you can comment at this stage, but obviously there's been lots of different information, rumors in the press about timing and around an announcement on what your plans are. I think you, Mr. Bernabè, said you're expecting to be in the position to announce something before year end. So maybe if you could give us a sense of the timing. I understand this is a complex issue, and it takes time, but it would be helpful to have an idea as to when you think at this stage you could announce something there. And anyway if your view around the merits of that operation has changed in the last few months. And second, looking at the operations, clearly in 2012 you have had a tougher macro-environment affecting revenues, you've done a great job on costs, so you've been offsetting that, but when we look into 2013 some of the trends in revenues in Q3... obviously the concern is that revenues continue to be under pressure in 2013 and maybe cost-cutting opportunities are reducing. So should we expect you to start working on new plans in terms of cost cutting? Is that something that is top of the agenda or are you expecting really revenue recovery in 2013? Thank you.*

A - Franco Bernabè – Chief Executive Officer: **Thank you very much for the question. On the network separation, as I said earlier, the project is based on the changes that we are seeing coming from the regulatory environment and they are crucially dependant on what is happening on that front. If there is value that can be created through a different approach in regulations... as you know, we are now offering a substantial equivalent of output, the evolution of the regulatory environment calls for a more... a better or more in force equivalence of outputs, if this translates into great value we will go on with this project. But, of course, this is crucially dependant on this. We will see how all this will evolve, we will see and we will decide about the timing probably at the next Board meeting in December. But, of course, as I said, we really think that this is crucially dependant on how the regulatory environment will evolve. On the macroeconomic environment, yes, as you said and as you can notice from the figures that Marco has given on the macroeconomic environment, things are getting... have worsened on the real economy side, although on the financial, on the monetary side of the equation they have improved. Financial markets look better than they looked at the beginning**

of the year, and this will probably help turn around probably the environment, especially in the business sector, and probably give more confidence to the people that our politicians can properly handle the situation. But despite the... what will happen on the macroeconomic front, we will keep working in the company with a more aggressive cost cutting plan. I think that all that we have done... a lot of work so far... Marco and his team in Italy have done a great job, I think that more can be done and we are working and Marco is working on this very hard and we will definitely come up with new plans by the beginning of the year.

Q - Mathieu Robillard: *Thank you very much.*

3. Ms. **Carola Bardelli** from **Deutsche Bank**:

Q - Carola Bardelli: *Yes, good morning and thanks a lot. I was wondering if after the launch of the new tariffs you also saw an improvement on the volume side in mobile and then on the other side I was wondering, instead, if there is a worsening in turn after Vodafone launched the unlimited tariffs. And then if I could move to the wireline, maybe a little bit of guidance to understand if the trends seem to be in line with what we saw in Q3 also for Q4 and 2013 or if there's going to be an improvement, at least on the corporate side, given what you were saying, Mr. Bernabè. And then, finally, on the cost cutting opportunities, if maybe real estate could be an area where you could intervene to expand a little bit more the cost cutting compared to what you have in the current business plan? Thanks a lot.*

A - Marco Patuano – Chief Operating Officer: Marco answering. Yes, volumes are up, so the portfolio is not only gaining in terms of MNP, it's also driving volumes of traffic. Just second question: turn driven by the unlimited offer of Voda. I think that this is a very aggressive move on the high end. I'm sure they made their calculations very well, because they're not, for the time being, causing us any significant turn on the most valuable segment, so it is still something that we can control. Of course, it's a market proposition that has to be considered very aggressive. I think that there are... it's not the only one. For example, 3 is still with the iPhone on the portfolio and this is also an aggressive and expensive move. I think that we have to be... to consider things carefully. Fixed: yes, fixed, very honestly what is interesting on the fixed is that at the beginning of the year there was quite a significant rationalization on both consumer and small corporate number of lines. Second hub in the consumer segment or, let me say, secondary lines for the corporate segment. Now, it seems to be... to come at a slightly slower pace, so this trend is under control and I don't see this as a major topic, also because our ARPU is still okay. Cost cutting: you mentioned real estate, of course real estate in general terms is a big one, and so it will be one of the big moves for 2014 but let me be... let me speak more in general: there are processes that are quite expensive and not, strictly speaking, core, that can be addressed with a higher level of efficiency, without affecting the core business. Real estate is one, there are others, we're working with, I would say, a discontinued approach. And, so, in the new plan we will add further actions.

A - Franco Bernabè – Chief Executive Officer: Thank you, Carola.

Q - Carola Bardelli: *Thanks a lot. Very clear.*

4. Mr. **Georgios Ierodiconou** from **Citi**:

Q - Georgios Ierodiconou: *Yes, hello. I've got two questions, please. The first one is around the cost cutting and some new initiatives you will take early next year. I was wondering, especially quickly, on the agreement you had with the government two years ago to reduce the working hours: in my understanding, the government was making contributions, so top-up, to the salaries. Can you update us on whether you think you can expand this beyond to cover this year? And if not, what would be the headwind on the cost cutting level that you would experience if the government, for example, would choose not to top up at all going forward? And my second question is around pricing: it's my understanding that some of your promotions are per second billing: can you let us understand how quickly you expect the base to migrate to per second given the pace of the turn that you're seeing? And perhaps what could be the impact of the migration to per second billing? Thank you.*

A - Marco Patuano – Chief Operating Officer: Of course... first question is on cost cutting and let me be let me approach it in general terms with personnel costs. I think that once 1/3 of your cost base is represented by personnel costs, it has to be approached in a very conscious way. It means that the total costs related to persons have to be reviewed, which is not only wages, it's total costs. We are discussing with the Unions because this concept has to be explored: how can I avoid to create massive unemployment? It's not our willingness to create massive unemployment, but we need to work on the total cost of the labor. And it means, for example, that we are quite inefficient on the geographical location of our people. It means that the productivity of our people has to improve. It means that there are a lot of costs that we have externalized that can be reinternalized without increasing the number of employees. So I think that... of course, the support coming from the welfare is extremely important. So, we are delivering the total reduction in terms of persons we had in our plans, we are slightly in advance, 2013 will not be affected, because we will reach the original targets we had not in the plan we presented last year but in the one we presented two years ago. So we are in line with our project, but we can do more, we need to do more, but we need to do more without creating massive unemployment. For the second question, I would prefer to let Elisabetta answer to you so you'll get it from her direct voice.

A – Elisabetta Ripa – Company Executive: Hi. For the per second offer, let me say that the portfolio has been very well accepted by the market, not only by the new customers, as Marco mentioned in terms of mobile number portability, but also from the customer base. And, as you probably note, in our portfolio there is... there are specific offers that are dedicated to our actual customers, so to our customer base and especially this kind of bundle has been very well perceived by our clients. But on top of that I have to remind you that our portfolio is only for 1/3 dedicated to the option, while we still have quite a great deal of customers who are still on pay-per-use offers and among them there is a relevant percentage of customers who are already on a per second tariff. So I would not expect this to change in the near future.

Q - Georgios Ierodiconou: Okay. Thank you.

A – Elisabetta Ripa – Company Executive: You're welcome.

5. Mr. Nick Delfas from Morgan Stanley London:

Q - Nick Delfas: Yes, thanks very much. Just a quick question on LTE: could you clarify exactly what kind of population coverage you expect to have for the end of this year and the middle of next? And what frequencies you'll be using initially for handsets? Thanks very much.

A - Marco Patuano – Chief Operating Officer: LTE has been launched on the 1800 frequency, because the 800 will be made available starting from January 1st. At least we hope so. It seems that it's... there are no delays, but we will see on January 1st for the 800 and for the 2600. Within this year, we will cover something around 22 cities and so we will reach 40% of the population end of 2014. So, end of this year the commercialization will be available on almost 10% of the population, so the target is 40% 2014 and to progress almost linearly between one and the other.

Q - Nick Delfas: Is there any chance that you'll accelerate that? I mean, it sounds like quite a low ambition, given how popularity has turned out to be in some countries in the world.

A - Marco Patuano – Chief Operating Officer: Yes, of course we have also examined, and we are evaluating also a potential acceleration of the plan. It's a balance between what we are able to save elsewhere and the money we will put in the network for acceleration. Every buck we are able to save will be devoted to building new network and to reducing the debt.

Q - Nick Delfas: Okay. Thanks very much.

6. Mr. **Torsten Achtmann** from **JP Morgan**:

Q - Torsten Achtmann: *Hello, good afternoon. The first question would be on the domestic fixed business: as indicated we've seen revenues coming down which has been partly driven by the annualization of price increases but also business revenues driven by the economy are coming down. So can you give me some idea of what you expect from that business going forward? So can we... is it possible to see a stabilization there or is it something we have to live for the coming quarter with more pressure on the business side? The second one would be on Brazil, where the regulator has made some recent changes, there's a lot of pressure on all the operators to increase quality: do you see that you have to bring forward some more investments in opex and capex in Brazil into Q4 and into 2013? Thank you.*

A - Marco Patuano – Chief Operating Officer: Marco answering the first question. For... if I look forward on the domestic, let me split the answer between the short term and the medium term. In the short term, one year ago we decided... this year we decided not to replicate the monthly fee increase we had in 2011. I don't think that it's appropriate to leave without recovering inflation for many years, so we are evaluating for 2013, even if I cannot anticipate anything, but it's clear that it's difficult not to recover inflation for more than one year. And this can support financials in the short term. Mid-term I think that once we will launch fiber services, what we do expect is to have support on our positioning, an ARPU uplift, back to growth in total number of broadband lines turned down, so I think that also in the fixed the next generation access network services if we are able to combine them not only with the pure connectivity but to add some further services we will be... we will have in the mid-term a very positive... a very positive effect. On Brazil I'll leave to Mr. Bernabè.

A - Franco Bernabè – Chief Executive Officer: Yes, on Brazil, as we declared also recently, we are not changing our three-year capex guideline, although we are basically changing the mix within the 9.5 billion reais plan that we have indicated to the market. We think that... of course we are accelerating some of these investments, we are reassessing the type of investments that we are making, but we think that the global amount of investments that we have planned and that we have declared to the market last year is enough to satisfy the (...) quality standards and are... will be able to reduce the regulatory risk and to support TIM's innovative offers. Because there's been a lot of talk about whether our innovative offers that have driven the growth of Brazil were supported by the kind of investment plans that we have made. We have made a full reassessment of all this, and we have come to the conclusion that our offers are sustainable, we have to reallocate, we have done a full review of the situation there, we have to allocate the investments differently, prioritize the investments but the global amount will stay there.

Q - Torsten Achtmann: *Thank you.*

7. Mr. **Tim Boddy** from **Goldman Sachs**:

Q - Tim Boddy: *Yes, thanks. I had a couple of questions. The first one: you made a comment at one point in the presentation about your pricing LTE to be careful to avoid the ADSL substitution. Could you just comment a bit about exactly how you're trying to do that? And, obviously your competitors may be more aggressive. Secondly, obviously, in the announced passive infrastructure sharing you do with Fastweb, how likely is it... do you think that other OLOs will look to join that agreement? Is it technically feasible? Thanks very much.*

A - Marco Patuano – Chief Operating Officer: LTE pricing: well, we decided to price at... of course, it's clear we have to consider that LTE has to be proportioned to different devices. So I think that there is today a good pricing scheme for dongles and the pricing scheme for dongles is today not affecting our ADSL pricing position. For tablets and smartphones, of course, prices have to be reset in order to have the right price for the right data, for the right quantity of data, for the right device. This is the way we are moving. Of course, the dongle will have a higher quantity of data than the tablet, and the tablet a higher quantity than the smartphone. Now we are in the launch phase, we are very much interested in growing fast the customer base, so we are a little bit generous in terms of data quantity, but once the market will stabilize, we will evaluate how to make the right fit. Last, it's extremely important that we added since they won contents and contents are very important and in order to avoid to let third parties take the benefit of exploring also the ultra-broadband mobile over the top. On passive infrastructure: as you know, we signed an agreement with Fastweb. I think that

the agreement is extremely positive, it means that FTTC is the right architecture. It's... the only two players who are highly infrastructured have decided the same architecture. And, second, the model is pro-competitive so there are no major limitations to the competition. Sharing costs is always a good idea and now, of course, there are areas in which we expect them to invest, there are areas in which we expect we'll be the only ones to invest, but, you know, that's life!

Q - Tim Boddy: *And how much less is the unbundling fee Fastweb will pay in areas where you share passive infrastructure?*

A - Marco Patuano – Chief Operating Officer: Well, there is... it's regulated, the sub-loop unbundling is regulated, it is 6. something... it's a bit more than 6 euros a month.

Q - Tim Boddy: *Okay, great, thanks very much.*

A - Marco Patuano – Chief Operating Officer: 6 euros for the sub-loop.

Q - Tim Boddy: *Thank you.*

A - Marco Patuano – Chief Operating Officer: You're welcome.

8. Mr. James Britton from Nomura:

Q - James Britton: *Thank you very much. Can I just get an update from you guys on VDSL? How many homes you've actually rolled out to so far this year? And I couldn't actually see it from the slides, but can you just give us an update on the adoption within (...) print? I know it's early days, but anything you can say on that would be great. On network separation: if you were to accept the state of the co-shareholder in the Neko, would it then become more difficult for you to reduce headcount? If you could just comment on that that would be great. And then a detailed financial question: the cash interest expense seems to be running 200 million euros above the P&L expense. Can I just ask the CFO what the reason for this is? Thanks.*

A - Franco Bernabè – Chief Executive Officer: James, just the last one, if you could repeat just the last question. The cash expense one.

Q - James Britton: *Yes, the cash interest expense is running 200 million euros ahead of the P&L expense at the nine-month stage. Can I just ask the CFO what the reason for this is? Thanks.*

A - Franco Bernabè – Chief Executive Officer: You're talking about interest expense?

Q - James Britton: *That's right. Yes.*

A - Marco Patuano – Chief Operating Officer: Okay, Marco answering the first question. We are going to move from the discussion phase to the launch phase. We assume within the end of this year having the possibility of selling to more than 1 million households and we assume at the end of next year to reach... to reach... it's 6 million households at the end of 2014. So the speed will depend mostly on how the permissions will be given to us. We expect at the end of 2014 100 cities, we expect almost 20, something between 20 and 25 cities, at the end of this year. So you can have an idea of the end of 2013. Adoption: of course, this is the big question mark. We are positive, because we see very good interest coming from super-internet today, we have more than half a million customers who already adopted super-internet and let me say that super-internet is a good product, but it's not a new experience. So with a brand new experience we assume that the adoption will be... will be significantly higher. For the second part of the question I'll leave to Mr. Bernabè.

A - Franco Bernabè – Chief Executive Officer: In principle... just to answer your question on the impact of possible network separation... in principle the organizational separation makes people much more accountable, and therefore it should be easier to control, first of all to define cost, and then to make programs for reducing cost in an organization which is clearly identified in terms of targets, in terms of responsibilities, in terms of processes. So, as a matter of principle, I think that a cleaner organization makes people more accountable, and therefore there will be a benefit in terms of cost. The second point is... I think that the answer that I can give is the following: I mean, we will do all the things that will increase the value of our entire organization. So there's no way that we will

engage in something that will make it more difficult to rationalize the organization, make it cleaner and leaner, and reduce costs. So, there is no preoccupation about that.

A - Piergiorgio Peluso – Chief Financial Officer: On the financial charges: to be honest, I haven't properly understood your question. The financial charges on the P&L we have a reduction of 96 million, I will say that basically the pure financial charges are broadly stable, the difference of 96 million is principally related to the unwinding of some hedging derivatives that have been done last year. So this is something... a non-recurring item. In terms of recurring financial charges I would say that the cost is broadly stable so the number is... there is no significant change. I don't know if this replies to your question.

Q - James Britton: Okay, perhaps I'll take it off line. Thanks.

A - Piergiorgio Peluso – Chief Financial Officer: Okay.

9. Mr. Justin Funnel from Credit Suisse:

Q - Justin Funnel: Thank you. Yes, a couple of questions, please. Could you briefly discuss the trends driving the decline in outbound call volumes in mobile in Q3? It obviously fell year-on-year. Was that the effect of the summer promotions from competitors so it will rebound quickly? Is it the economy? Is it cannibalization? Perhaps some mix? If you could just discuss that, if possible, please? And secondly line loss: one is pretty impressive 100,000 in the quarter despite an obviously historically weak economy and we've seen the economy effects on the markets in the past, like in Spain and the UK a couple of years ago, so is there scope for line loss actually to improve next year? And there I'd say even go positive? Thank you.

A - Marco Patuano – Chief Operating Officer: Well, I'll start from the second question, because it seems to me very optimistic. So, no, I don't think that line losses can turn positive, honestly. We... we are aiming at value, we are aiming at revenues. So, it's true that we see for 2013 that a better macroeconomic environment can sustain much better or seriously better our trend, but I think that the major change will come with the progressive adoption of... of the ultra-broadband services and these... and these will stabilize not only our position but the whole market. So what I expect is a market stabilization, more than simply a Telecom Italia stabilization. If you see, this year the most important trend is that we're not losing customers towards our competitors, it's the market that is shrinking. The first question: outgoing is growing, incoming is growing. So, bundling offers tend to let the customer base be more active in general terms. There is less seasonality. So there are several trends that have to be incorporated in our models and in the way we plan our volumes and our costs also. Because interconnection costs are completely changing, because once the on-net scheme is not anymore the driving one, or the most successful one, you have that everybody tends to increase their volumes and... but you also have off-net growing. Now keep in mind that the next MTR cut in Italy will be January 1st. So this will be a major change and a major impact in reported revenues for Telecom Italia. Telecom Italia will be just a reported effect, and all our competitors will have for the first half of 2013 a huge impact on all the P&L and all the free cash-flow coming from a double-step cut in MTR. So I'm very curious to see the 2013 marketing approach of this market.

Q - Justin Funnel: Thanks, Marco. Just to make it clear, I was looking at the outbound traffic volumes, which in your back-up slide show a 1.4% decline after a bit of growth in Q2 and obviously growth historically. I was wondering if that was a (...)? Are you suggesting it will recover because of the effect of cross-net calling?

A - Marco Patuano – Chief Operating Officer: No, keep in mind that when we focus on consumer we focus on 65% of the total volumes. The business side counts for almost 35% and this is still under pressure and the pressure there is not only on prices, it's on spending and keeping under control also volumes.

Q - Justin Funnel: Okay, thank you.

A - Marco Patuano – Chief Operating Officer: You're welcome.

10. Ms. **Micaela Ferruta** from **Intermonte**:

Q - Micaela Ferruta: Yes, hello. I have a quick question again on mobile and the new tariffs that you just introduced: is it possible to have an idea about the potential for ARPU improvement that you see as customers take up these bundles? Or is the benefit mainly related to lower turn? And then about network separation two quick questions: Fastweb yesterday said that they believe the new co-perimeter could be limited to passive elements. What do you think? And then again on separation in your agenda if you expect this by year end, I guess there will not be an AGICOM decision on fiber regulation in line with the new EU approach. So what exactly are the changes in regulations that you still expect to see? Or is Mrs. Crow's new approach enough for you to decide to go on? Thank you.

A - Marco Patuano – Chief Operating Officer: Marco on the first question. Turn reduction is for sure one goal: it's not the only one. Because what we are targeting is how to... from one side how to upsell and from the other side how to avoid cannibalization or stabilize revenues from services that otherwise would decline, like messaging, for example. If you look, for instance, to our TIM Young, TIM Young has a very nice effect on the ARPU. So, the very last... the very last figure I saw is that the brand new TIM Young XL drives an ARPU of more than 20 euros. So this is the way we tend to evaluate the new offer. So not only turn. It's turn, plus upselling, plus stabilization or cross-stabilization.

A - Franco Bernabè – Chief Executive Officer: On network separation again, of course it will be passive elements, but in the case of fiber we will have to see what applies to the scheme that will finally come out. And basically, coming to your question about the regulatory environment, I think that... I know that the EU is working on this and they will probably not come out with a formal Directive for the end of the year, but they will certainly have shaped their ideas in a very clear way in a very short period of time. So we will have many elements to make a judgment.

Q - Micaela Ferruta: Thank you.

11. Mr. **Ottavio Adorisio** from **Société Générale**:

Q - Ottavio Adorisio: Hi, good morning, gentlemen. I have three questions, all for Marco. The first one is related to the trends on the fixed line. Honestly, I didn't really understand the dynamics of this unexpected retroactive reduction of wholesale line rental. When I look at the numbers, you went from around 1.5% increase year-on-year on wholesale to a decrease of -4.3%. So the first question is: is all that due to this wholesale line rental? And does that decrease actually represent 2/3 of the whole delta you had on the wireline? So the follow-up question is: does that basically go to impact the following three quarters because of the comparison year-on-year or do you just actually put that retroactive cut in one quarter? The second question is on the CONSIP: last year we've spoken a lot about the contract, and now it looks like it disappeared from the headlines from your presentations, that has been sort of cancelled between you and Fastweb and from the last one, at least the last chapter, there was a Court of Appeal that had to basically say who is right and who is wrong. So if you can give an update as to what happened from there to the financials according to what the Court of Appeal will decide. And the third is on Metroweb and TI in Milan. From memory you do use some of the Metroweb network. So my question is: what's the wholesale price you pay for fiber line in Milan from Metroweb? Thanks.

A - Marco Patuano – Chief Operating Officer: First of all, fixed line: the answer is no, it's not only reduction of wholesale line rental fees. Also... also our friends in the OLOs have rationalized the lines and they have changed the mix between different kinds of offers, so the decrease is not only caused by the regulation. Regulation is a one-off. We had... better, the impact in the quarter is higher than what you can estimate for the rest, because it has been a retroactive application, which is something quite uncommon, but that's it. So I think that it's not only regulation what you have to see. CONSIP: of course there has been a lot of noise around CONSIP, because Fastweb decided to play the game of changing last minute their prices after the end of the CONSIP auction. There is also the spending review that is ongoing, which is quite... quite interesting, because what is going to be introduced with the spending review is that everybody can match the best price that anybody else has offered. You know, when a new rule is set for the game, everybody has to understand how to play by the new

rules. It's completely incorporated in our corporate figures. Is there an effect? Yes, there is an effect, but now we are going to play with the new rules. So it's not a major or it's not the only issue we're facing on the corporate side. Sorry, I didn't catch your last one that was on Metroweb... but Metroweb in Milan what?

Q - Ottavio Adorisio: *Let me just repeat it. My understanding is that you do use some of the Metroweb network on a wholesale base. And my question was: what's the wholesale price you pay to access lines from Metroweb in Milan?*

A - Marco Patuano – Chief Operating Officer: Yes, we use... we use wholesale and, of course, we have a price list. And that's it. So we use their fiber and we're going to use their fiber. The big difference from some time ago is that we're building the verticals on our own instead of buying from them. But on the primary and the secondary we're still buying from them.

Q - Ottavio Adorisio: *And you don't have a wholesale price for the line?*

A - Marco Patuano – Chief Operating Officer: We have... we have a bilateral agreed price.

Q - Ottavio Adorisio: *I see. Thanks.*

A - Marco Patuano – Chief Operating Officer: You're welcome.

12. Ms. Robin Bienenstock from Bernstein:

Q - Robin Bienenstock: *Yes, thanks very much. Two questions, if I can. The first is: your macro slide showing that the macro's got worse also shows like the Bank of Italy that you expect the macro to get better. I'm wondering if that's the basis of your budget planning for next year? And the second question is that although your peers as they roll out fiber are looking increasingly at introducing television products, is that something that you can consider in the future or is that politically too hairy for you to look at? Thanks very much.*

A - Franco Bernabè – Chief Executive Officer: On the macro side what we are planning, of course, is a tough macroeconomic environment for next year and probably for the following two years. But we've never had in the last 4 or 5 years any very positive year. So I think we are used to fighting with a difficult macroeconomic environment and we think we will be able to take all the necessary actions in order to contrast it. Although in a sense... I'm a little bit more positive on the future, because I think that what we've seen in the last year has been a much more rational approach on the Bank... the European Central Bank. I think that we have avoided major disruptions in the financial market and the sentiment, the general sentiment, I see it improving. So, although we are prepared for the worst, we expect an improvement over next year. And now I'll turn it to Marco.

A - Marco Patuano – Chief Operating Officer: You were asking about TV services. I think that the next generation network, both... especially fixed, but also mobile... is built for view. So it's so important to have video contents on the network that I think it's... it's... every change in the entertainment environment is important. What we decided one year ago and I confirm to you, is that we abandoned the product IPTV, we are not developing IPTV anymore, if a broadcaster wants to broadcast a signal, IP is not the best way to do it. We built a platform that is especially for video-on-demand, which is an open platform, we are signing an agreement, we signed an agreement with RAI radio television, we are offering the same platform to all the content providers in order to be hosted on our platform. So every, every possibility of having video contents on those networks is important, we signed an agreement with the soccer league, it's important to understand that videos are good but the revenue model is not a telco-pay upfront and content-get upfront. So, once the customer pays we share the revenues and this is a new very important new streamlining for the telcos.

Q - Robin Bienenstock: *Thank you.*

13. Mr. **James Ratzler** from **New Street Research**:

Q - James Ratzler: Yes, thanks very much. I had two questions, please. The first one was regarding the impact of the EU data roaming cap, which you say took around 2 percentage points off growth in your mobile business in the third quarter. Am I right in thinking that the impact of this would be the greatest in the third quarter because that overlaps with the summer months when roaming traffic is the highest? If so, I was just wondering whether the impact of this change will be less in the fourth quarter? And, if so, by how much? Then the second question I had was just regarding the fixed-to-mobile retail rates that you are charging your fixed line customers. Can you talk us through how the change in the termination rate has been passed onto retail customers and give us some sense of how that's impacting your wireline revenues both this quarter and what plans do you have in the future? Thank you.

A - Marco Patuano – Chief Operating Officer: On the first question you're right: the third quarter is the one with the highest impact from roaming, especially for business and corporate. And Q4 we estimate 1/3 less. So the... this is the size. On your second question, fixed-to-mobile is not... this is a market which is not... in which prices are not defined by the regulator and so we can do... we can do whatever we want and it's different for different plans. So we are... we have different plans for corporate and for consumer, we have bundle plans and we have pay-per-use plans, so it's very much difficult to say what we passed but it's fair to say that we didn't pass the whole reduction to the final customer. And we had a complete price revision this year, so we have no more difference for different operators. So it's a completely re-schemed and... and the way you can see it is that we had an opportunity and we reinvested part of this in the simplification at the lowest level of the market.

Q - James Ratzler: And does that occur in the third quarter?

A - Franco Bernabè – Chief Executive Officer: We'll have one last question.

14. Mr. **Paul Marsh** from **Berenberg Bank**:

Q - Paul Marsh: Yes, thanks. I only have one question. I think when you talk about only pursuing a network spin-off if it creates value for shareholders, that message seems to be very, very clear. But, of course, that value could be created in two ways: you could see that transaction crystallizing value through somebody paying you something to join you as a partner in that network or it could be through maybe a regulatory change that raises revenue growth or improves the profitability of that business. So which should we be thinking it is more likely to be? You know, could we see this as a transaction that crystallizes value greater than is implied by your stock price or is this more likely to be something that raises revenues and improves profitability? Thanks.

A - Franco Bernabè – Chief Executive Officer: Well, that is a good question, a complicated one, but the only thing I can tell you is that we will, of course, give priority to the value creation for our shareholders. So whatever it takes to create value for our shareholders we will do. Would it be crystallizing the value? I don't know. Would it be potential exploitation of the growth that this value can have in the future? It could be. In any case, I think that the driver of all this will be really value creation.

Q - Paul Marsh: Thank you.

A - Alex Bolis – Head of Investor Relations: Okay. The conference of our third quarter results is over now. Thank you, ladies and gentlemen, for attending and have a good afternoon.

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