TELECOM ITALIA ANALYST & INVESTOR BRIEFING

2007 Results & Strategic Guidelines

ICT Services
Becoming the market leader

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TELECOM ITALIA

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Safe Harbour

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ITC 2008-10 PLAN

Agenda

- 2007 highlights
- IT market overview
- 2008 – 2010 business outlook & development

2007 Plan - Our commitment

We said	We achieved
Net Centric Enabling Platforms	✓
Data Center Extension	✓
Vertical Offering	✓
- e-Healthcare	✓
- Infomobility	✓
- Logistics	✓
- Productivity/SME	✓
IT Partnership Program	~70
2007 revenues ~ 0.7 billion	0.64

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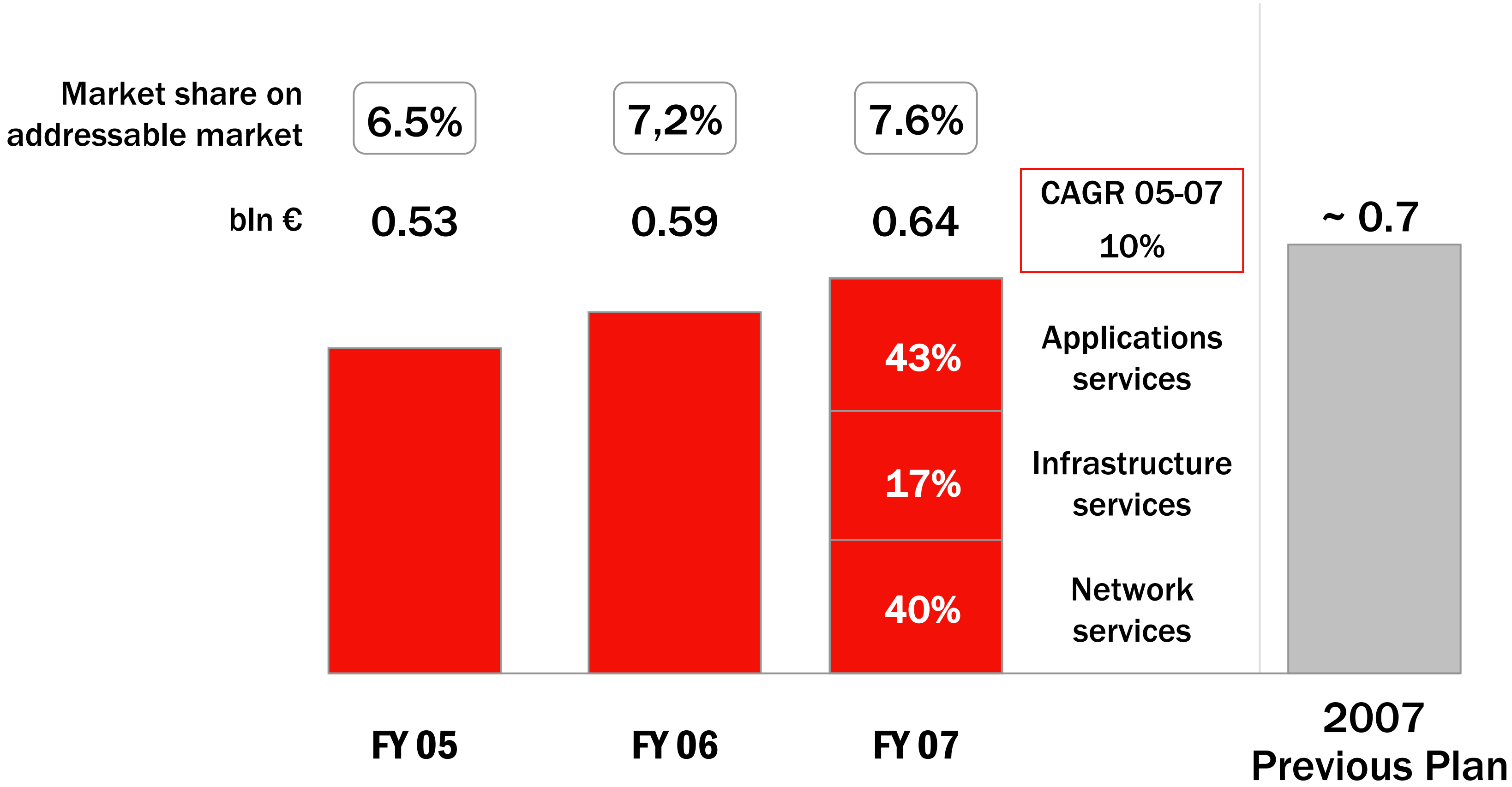
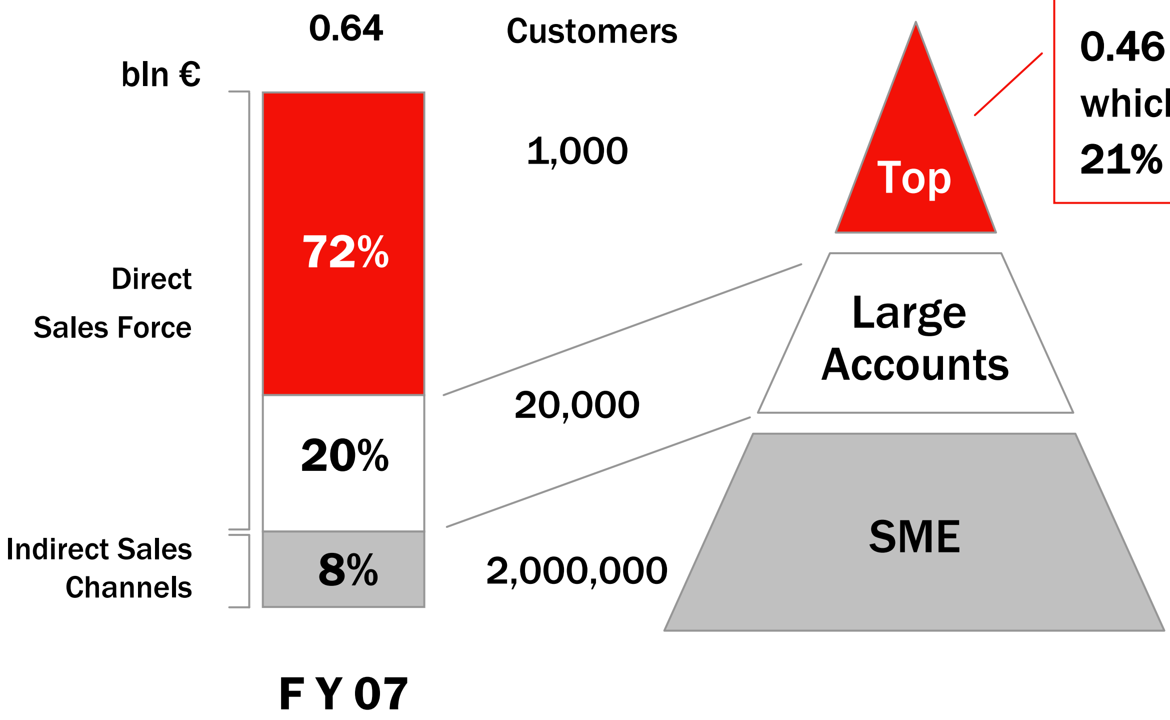
2005 – 2007 Revenue Trend



2007 ICT Revenue breakdown by customers



0.46 bln € of total revenues (of which 60% recurring fees) with **21%** YoY growth

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Top Clients – some new 2007 ICT customers

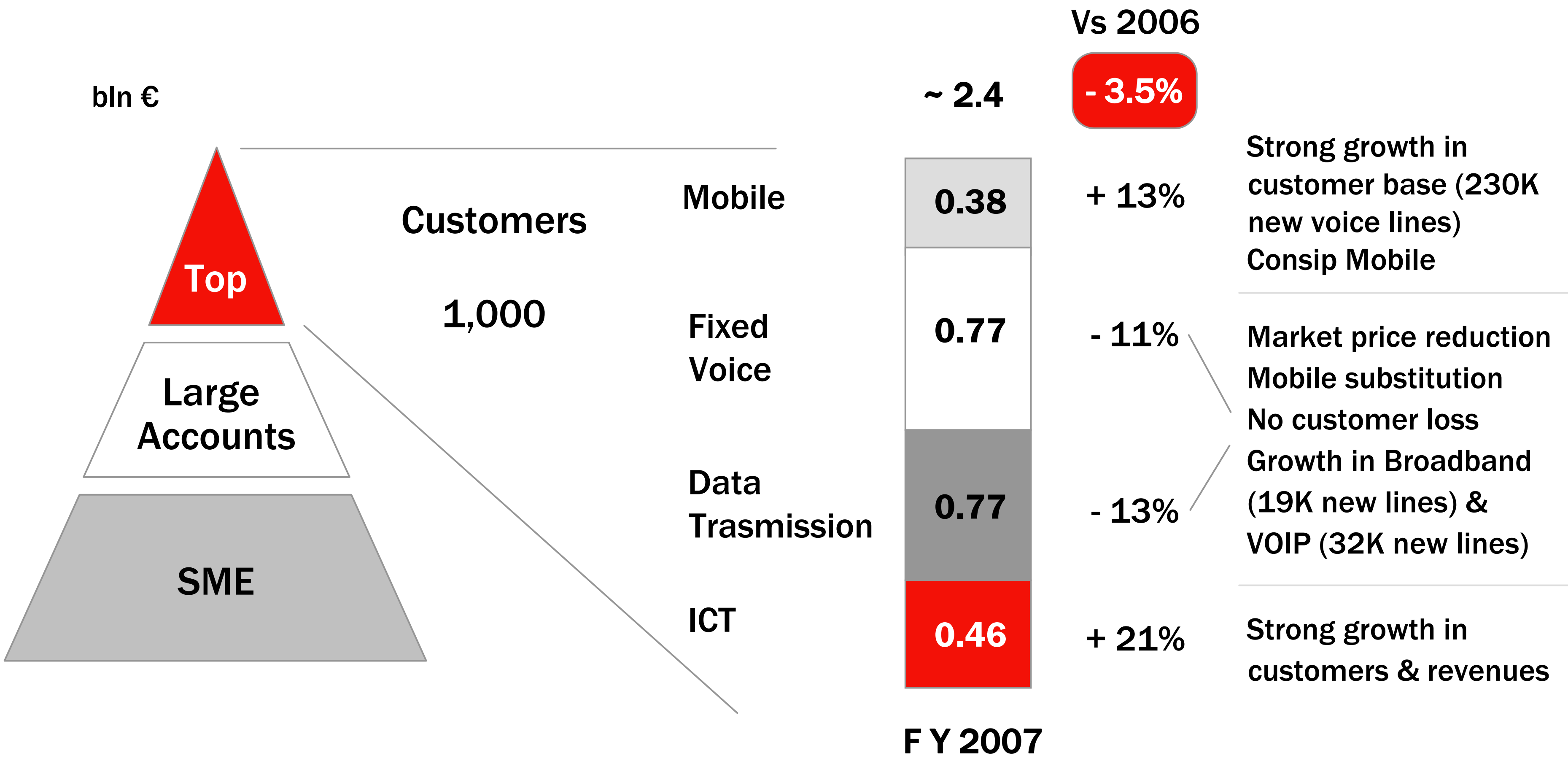
Banking & Insurance market

CAPITALIA	Desktop Management
sia ssb	ICT Outsourcing
CATTOLICA	Disaster Recovery, storage
INTESA SANPAOLO	Microsoft Licensing
UNIPOL BANCA	ebanking

Public Sector Market

CNIPA Centro Nazionale per l'Informatica nella Pubblica Amministrazione	SOA - based Applications Interoperability Framework
REGIONE CAMPANIA	ICT Outsourcing
INPS.gov.it	Disaster Recovery, Security
Provincia di Napoli	E-Government
consip	Microsoft Office Government Open Licensing

Top Clients & Ict Services - 2007 key figures *



* *Included in Mobile and Fixed Services presentations*

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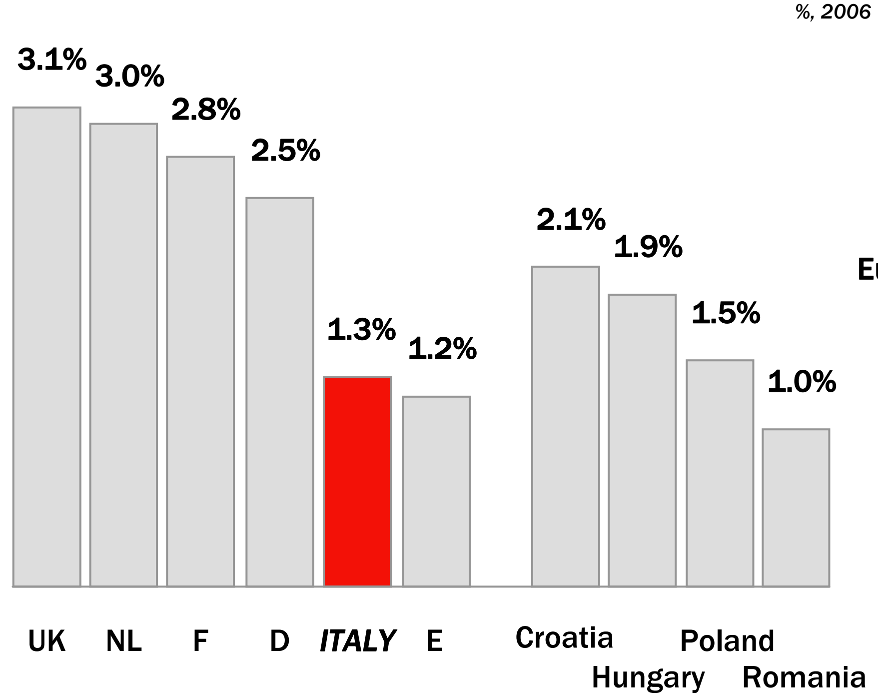
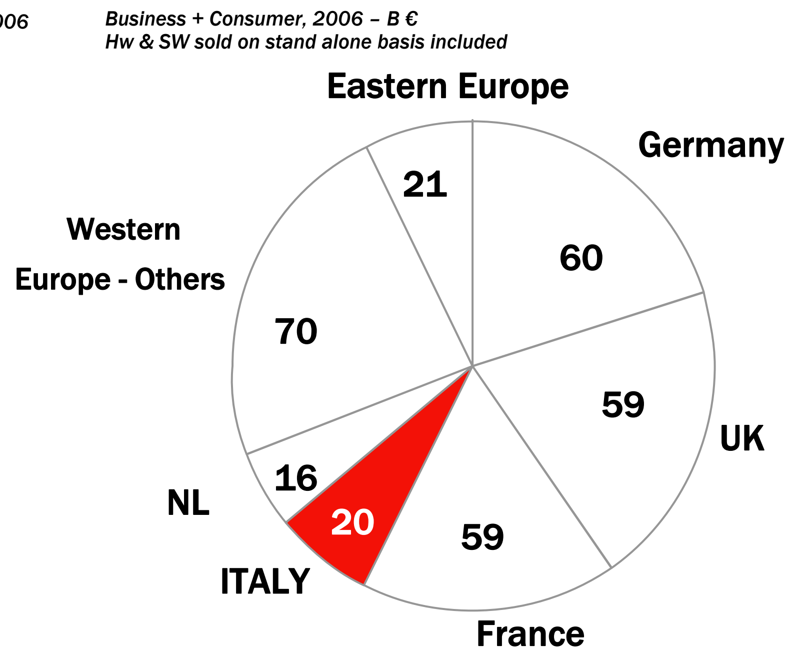
IT Italian and European markets

% IT spending / GDP



European IT market



IT spending in Italy is low compared to the other Eu countries (1.3% of GDP) ...
...but the market is quite large (Italy is the 4th European market)

Source: Gartner, EITO, IDC, CNIPA, A.T. Kearney analisys

IT Italian market overview – Business Customers Segmentation

Companies by employees | **Italy IT spending**

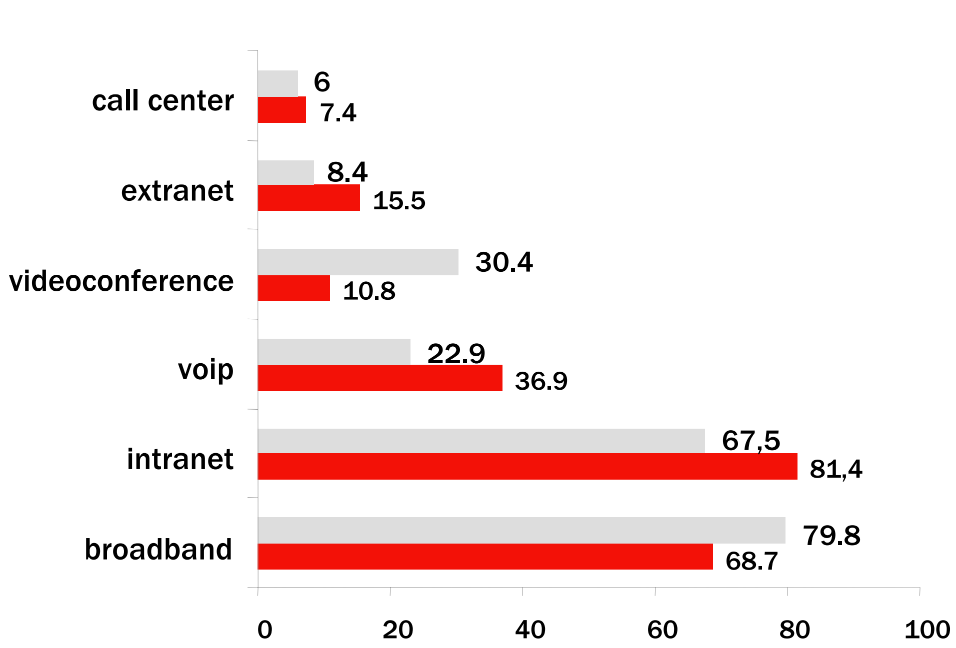
- n.companies x 1000 -

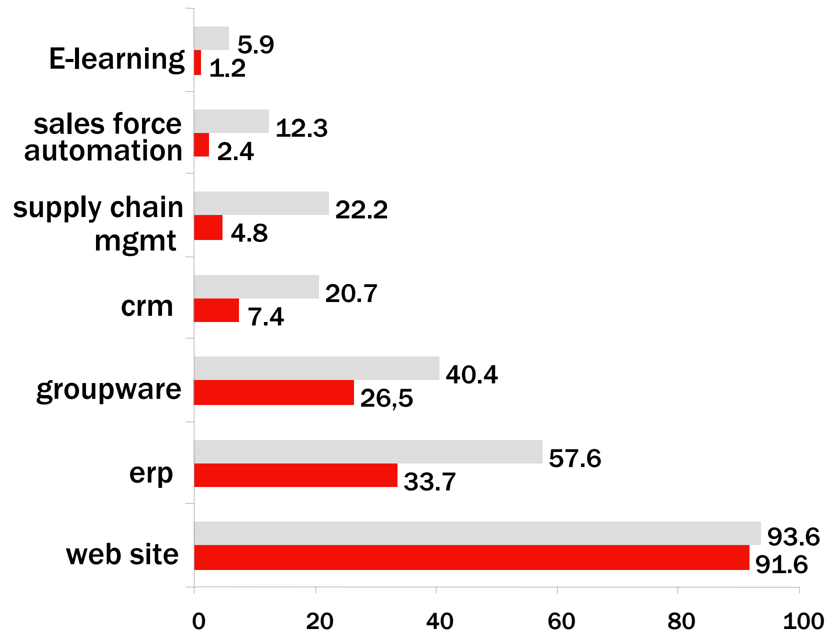
	France	Spain	Italy	Avg IT spending by companies (000€)	IT Spending %	IT spending CAGR 05-06
TOP (> 250)	7 (0.2%)	4 (0.2%)	3 (0.1%)	>3,000	58%	1.3%
Large (< 250)	37 (1.3%)	26 (1.5%)	22 (0.5%)	200	24%	1.8%
Medium (< 50)	174 (6.0%)	186 (10.8%)	196 (4.5%)	7	8%	0.7%
Small/Soho (< 10)	2,684 (92.5%)	1,502 (87.5%)	4,149 (94.9%)	<0.5	10%	0.3%
n. companies	2.9 Mln	1.7Mln	4.3 Mln			

Source: ISTAT, INE, INSEE, Assinform

T.I. Market Share - qualitative

IT Italian market overview – ICT Services penetration on SME



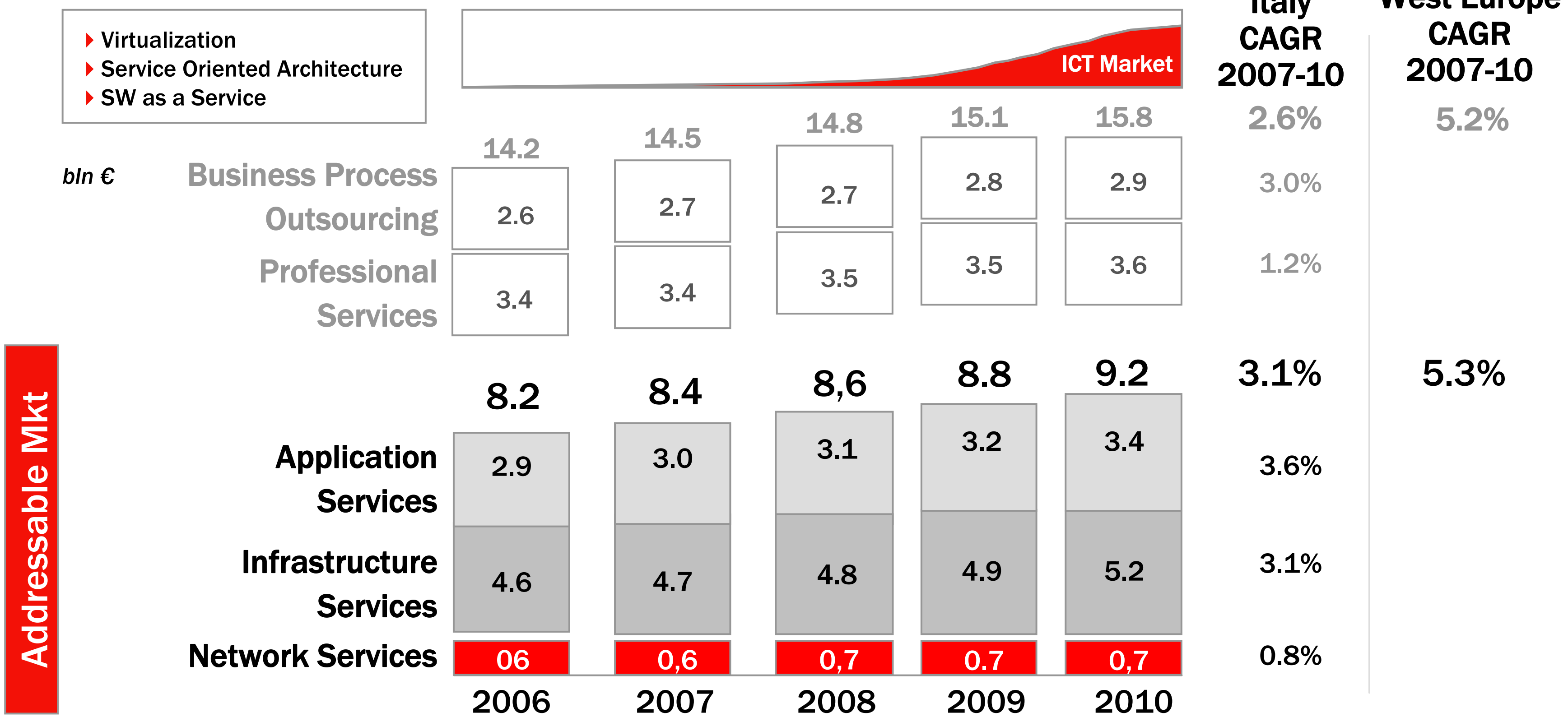


ICT italian SME market potential is still to be harnessed

Source: 2006 Osservatorio TeDis dell'Università Internazionale di Venezia "Le tecnologie di rete nella PMI italiana" Survey on 1900 companies

Medium 10 – 50 million euro *Small 5 – 10 million euro*

IT addressable market (business customers - hw & sw “stand alone” not included)



IT addressable market highly attractive in terms of size and growth

Source: Assinform, IDC & AT Kearney Analisys

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TI market positioning

Global players IT integrated/ Infrastructured

Global/National players People Based

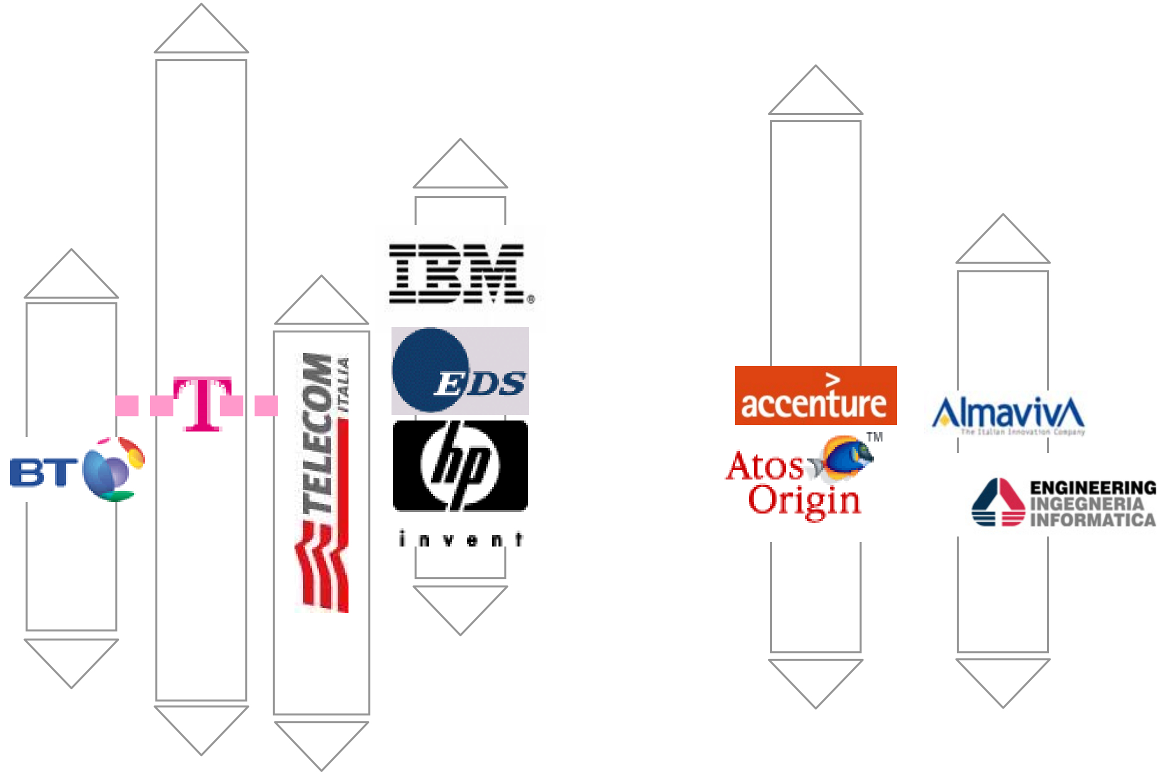
Business Process Outsourcing

PROFESSIONAL SERVICES

APPLICATION SERVICES

INFRASTRUCTURE SERVICES

NETWORK SERVICES



Confirmed TI positioning for 2008-2010

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Key drivers for the development of network-centric services

NGN 2

Powerful networking capability is
key foundation for Enterprise 2.0 and Ebusiness 2.0

Network-centric services

Software as a Service

On-demand infrastructure services and browser enabled applications lower the barrier to access complex ICT services

OPEN SOURCE

Software customization and customer support as a new business driver of IT services built on open source licensing and community based software industry

Service Oriented Architecture

Established Web Standards for distributed software composition, enable complex applications built on fine grain networked building blocks

Unified Communications

Seamless access to all information and communications , both fixed and mobile, using any media

VIRTUALIZATION

Flexibile abstraction of hardware and software resources allow resource sharing and soft tailoring (including on-demand and pay-per-use capabilities)

Web 2.0

Feature rich (AJAX, Flash,...) Web applications blending open service exposures (mashup)

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TI mission and strategic guidelines

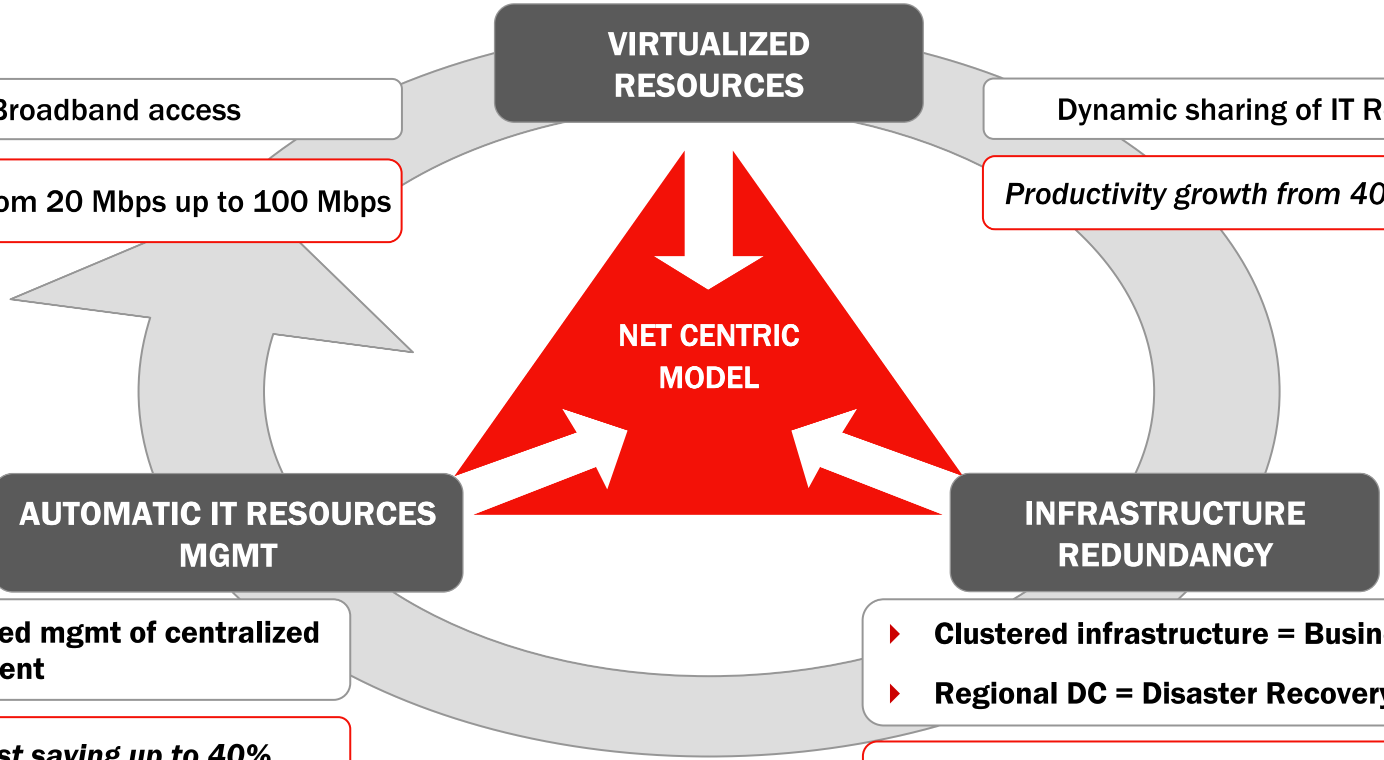
Become the leader in the Italian addressable market, by maintaining focus on Top & Large Accounts and by addressing SMEs market segment

MISSION	2007	2008 - 2010
Partnership	70 Net Partners (Tech. & commercial)	**> 100 Net Partners** (offering portfolio)
Go to Market	Dedicated sales force and project management for Top Clients e Large Accounts (800 Accounts, 700 project & mkt development)	Dedicated sales force and project mgmt + VAR* Channel to SME Customers (**600 VARs**)
Caring	Dedicated Caring to Top and Large Accounts	ICT Engineering & design new structure for end to end management Dedicated caring to SMEs through VARs
Offering	SMEs offering launch eHealth launch	SMEs offering development Converging (F+M+IT) **Industry Solutions**
Infrastructure	Very high speed IP Backbone 12 Data Centers	**NGN²** development Service Platform deployment for **SaaS** Up to 30 Data Centers according to market demand

* Value Added Resellers

Infrastructure, Net Centric Model – Technology Enablers

Next Generation Network 2



Broadband access

speed up from 20 Mbps up to 100 Mbps

Dynamic sharing of IT Resources

Productivity growth from 40% up to 80%

Advanced mgmt of centralized equipment

Cost saving up to 40%

- **Clustered infrastructure = Business Continuity**
- **Regional DC = Disaster Recovery**

Downtime from 8 hours down to 5 minutes per year

Enriching our Vertical Offer Portfolio: an overview

e-Healthcare

2007 offering:
- My Pharma
- MyImage Archiving
- MyPatient record
- Telerehabilitation
- 118
- Call Center
- Offer Telbios
- eHealth Connecting Platform
- Booking & health visits payment

2008 new offering
- **MyDocs eHealth**
- **MyAsset tracking**
- **Wellpoint**

Energy Management

2008 new offering
- **My Energy – Analysis**
- **My Energy - Gas Mgmtt**
- **My Energy - Power Mgmt**

Tourism

2008 new offering
- **Cicerone Virtuale**

Intelligent Transportation Systems

2007 offering:
- Automotive Brokering Platform
- My Ticketing (NFC)
- MyVoice Work - Enterprise Suite
- MyMobile - WFM

2008 new offering
- **Location Based Services**
- **My Fleet**
- **Vehicle tracking**

Finance

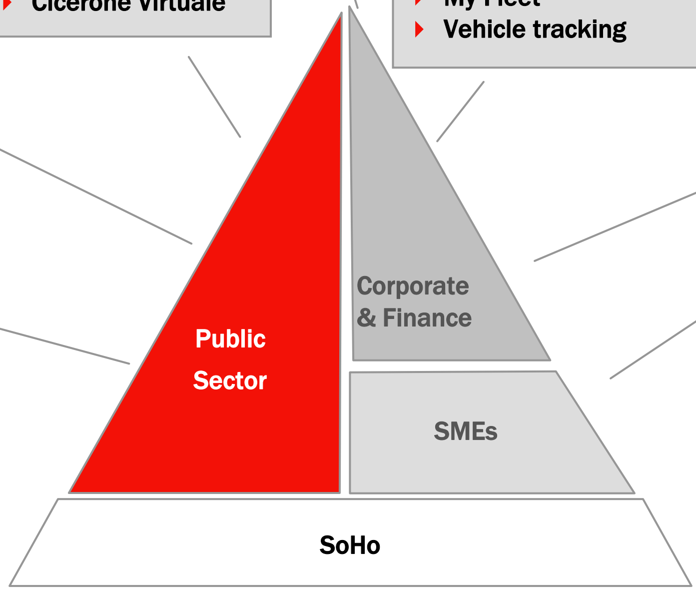
2007 offering:
- Anti fraud solutions for banking
- Value Offer Appl Development & ICT Consulting

2008 new offering
- **ATMobile Money Transfer via SMS**
- **Value Offer_CC/CRM**
- **Multimedia Banking**
- **Mobile Banking**

E-government

2007 offering:
- Infogovernment
- Front Office PA

2008 new offering
- **Wireless Patrol**
- **Municipality Link**
- **Homeland Services**



SMEs

2007 offering:
- Backup Workplace
- MySecurity
- Network Accelerator
- PC Extension e Backup Workplace

2008 new offering
- **Secure Access (eToken)**
- **PMI Archiving**

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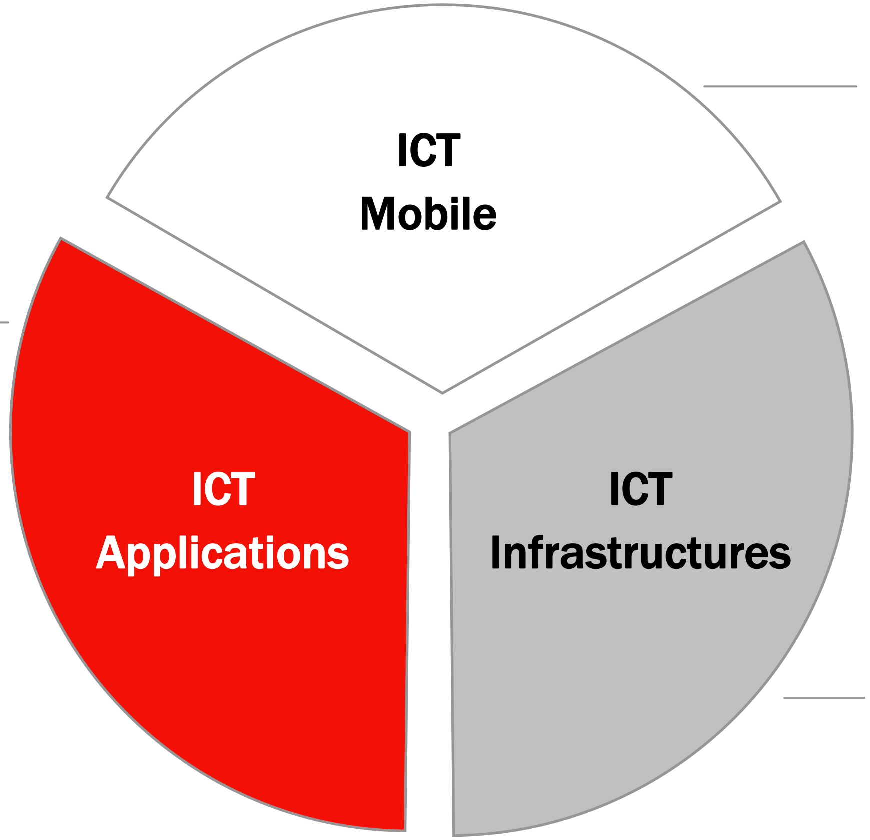
Enriching our Horizontal Offer Portfolio: an overview

2007 offering:
- NetAdvertising
- MyLicence

2008 new offering
- MyDocs
- Educational Services
- Homeland Security
- MyCompany
- MyCustomer
- MyCommunity



2007 offering:
- Mobile Office Custom
- Mobile Messaging Custom
- Mobile Device Management
- Push To Talk

2008 new offering
- One Time Password
- Mobile Service Management

2007 offering:
- MyCenter: DCS* services and MyNetpower
- MyCenter: MyHost new

2008 new offering
- Thin Client
- Advanced Recovery

Commercial channels for IT: roles and synergies

Go-To-Market Model

Customers	Channels		Sales	Offering	Post sales
Top L.A. ~ 20K	Direct sales force (800 Account) TELECOM ITALIA	Partners	TELECOM ITALIA	TELECOM ITALIA; TELECOM ITALIA Business Partner Next Generation Partnership Program	TELECOM ITALIA
SME ~ 1.0 mln	olivetti Office. ICT. Services. (600 VAR)	TELECOM ITALIA Business Partner Next Generation Partnership Program (100 Companies)	TELECOM ITALIA Business Partner Next Generation Partnership Program	TELECOM ITALIA; TELECOM ITALIA Business Partner Next Generation Partnership Program; olivetti Office. ICT. Services.	
SoHo ~ 1.3 mln				TELECOM ITALIA; olivetti Office. ICT. Services.	

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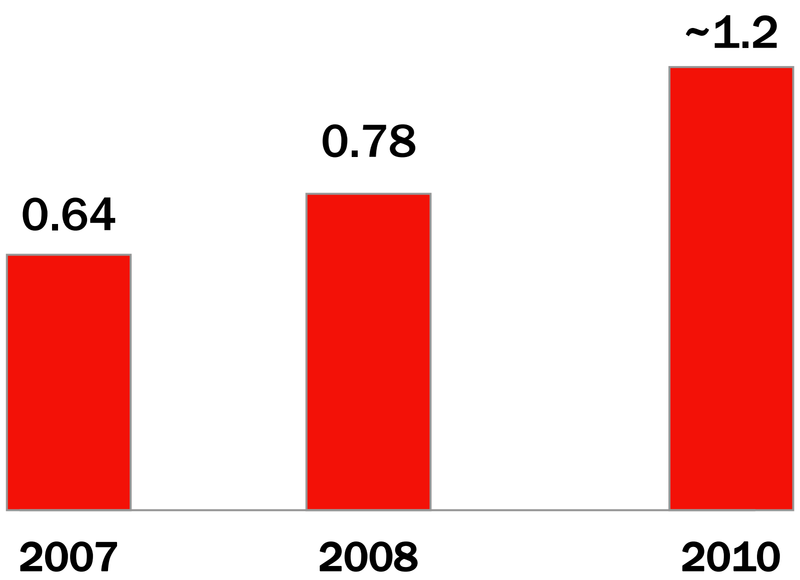
Revenues: short & medium term targets

Market share on Addressable market	7.6%	9%	13%

Euro bln



CAGR 07-10
23%

	2007	2008	2010
TOP CLIENTS	72%	67%	55%
LARGE ACCOUNTS	20%	22%	25%
SMEs	8%	11%	20%