

GRUPPO TELECOM ITALIA

9M '08 Results

Milan, November 7th, 2008

Telecom Italia

9M '08 Business Performance

OSCAR CICHETTI

Safe Harbour

These presentations contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia Spa undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia Spa business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

Agenda

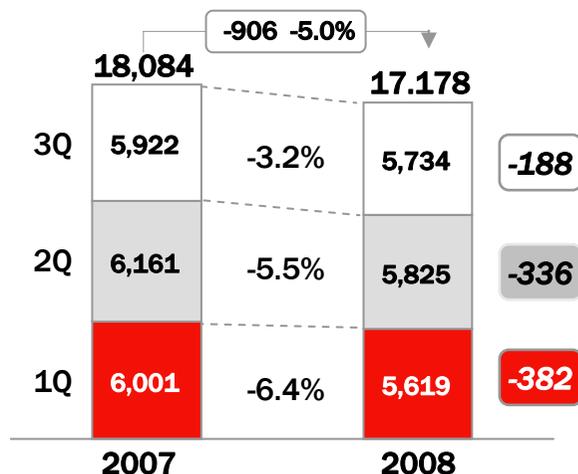
- ▶ **9M '08 business performance:**
 - ▶ **Domestic**
 - ▶ Fixed business performance
 - ▶ Mobile business performance
 - ▶ Cost Analysis
 - ▶ HanseNet
 - ▶ TIM Brasil
- ▶ Appendix

Domestic Results - Highlights

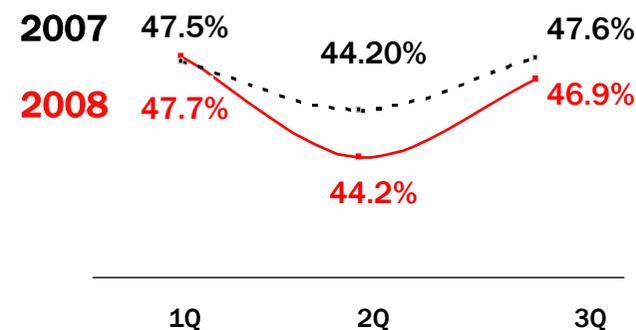
€ Mln

	9M 08 reported	YoY reported	9M 08 Organic	YoY Organic (*)	3Q 08 reported	YoY reported	YoY Organic (*)
Revenues	17,154	-5.3%	17,108	-5.0%	5,734	-3.2%	-3.2%
of which fixed	11,128	-5.3%	11,152	-4.9%	3,643	-3.2%	-3.1%
of which mobile	7,120	-4.2%	7,120	-4.2%	2,451	-2.5%	-2.5%
Ebitda	7,613	-9.8%	7,948	-6.4%	2,682	-4.9%	-4.5%
<i>Ebitda margin</i>	44.4%	-2.2%	46.3%	-0.7%	46.8%	-0.8%	-0.7%
Ebit	4,227	-18.5%	4,537	-13.3%	1,548	-10.4%	-9.9%
<i>Ebit margin</i>	24.6%	-4.0pp	26.4%	-2.5pp	27.0%	-2.2%	-2%
Capex	2,646	-171	2,646		694	-228	

Revenues - Organic trend



EBITDA Margin - organic trend



(*) Excluding changes in consolidation area, exchange rate impact and other non organic items (53 mln € in 9M07 and 335 mln € in 9M08 of which 287 mln € of restructuring costs related to the Reduction Plan announced on June 4th 2008 and booked in 2Q08)

Agenda

- ▶ **9M '08 business performance:**
 - ▶ **Domestic**
 - ▶ **Fixed business performance**
 - ▶ **Mobile business performance**
 - ▶ **Cost Analysis**
 - ▶ **HanseNet**
 - ▶ **TIM Brasil**
- ▶ **Appendix**

Domestic Fixed: progressing on 2008 targets

	2008 Revised Targets	3Q08 Evidence
Revenues	<ul style="list-style-type: none"> ▶ Total domestic Fixed revenue: ~15 Bln €, -4.0/-4.5% organic YoY, -1.9%/-2.5% net of Regulatory Discontinuities and Carry Forward of Int'l Wholesale ▶ +10% YoY Internet revenue growth ▶ ICT Revenues: 0.74 Bln€ 	<ul style="list-style-type: none"> ▶ Total Revenues: 11.1 Bln €, -4.9% organic YoY in 9M08 (-5,3% reported), -2.1% net of discontinuities. -3.2% YoY reported in 3Q08 vs -6.1% in 1Q and -6.4% in 2Q ▶ Internet: +12.8% yoy in 9M08 (+15.6% on BB revenues) sustained by the Value strategy ▶ Data: 508 mln € in 9M'08 (contracts already signed for a value over 200 mln €)
Broadband growth	<ul style="list-style-type: none"> ▶ 6.7 Mln. BB Retail access ▶ Broadly Stable ARPU (~18€/month)* ▶ > 75% Flat offer on total (Consumer + Business) Broadband portfolio ▶ ~0.3 Mln. IPTV access ▶ >30% VoIP penetration on BB lines 	<ul style="list-style-type: none"> ▶ 6.61 Mln of BB Retail access (183K net adds in 9M08); Net adds back to the average of the first months of 2008: +57K in Sept. ▶ ARPU rebounded yoy to 18.1€/month in Q3 ▶ 76% thanks to up-selling from Free to Flat and focus on Flat acquisitions on BB Consumer ▶ 218k IPTV access, +138K vs. Dec. 07 ▶ 1.80 Mln of VoIP customers, over 27% of TI BB lines (+6.8p.p. in 9M08)

* Annual ARPU

Domestic Fixed: Revenue Analysis

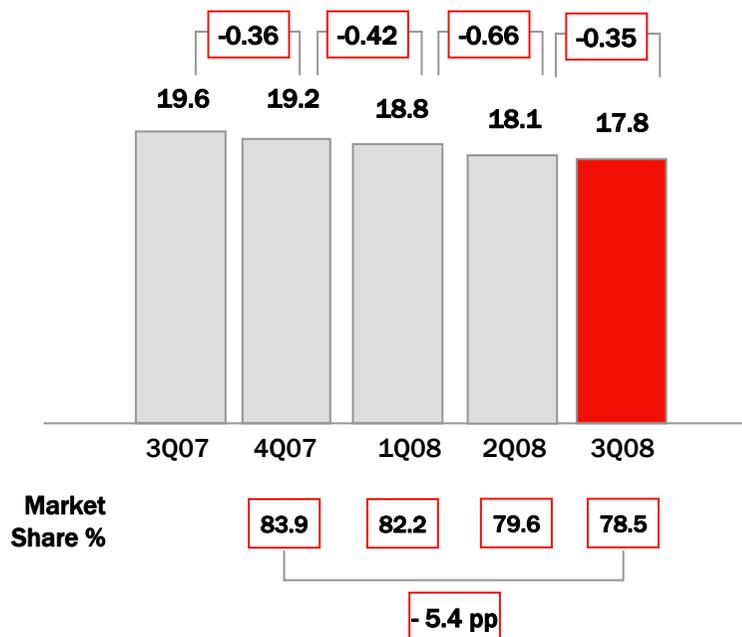
€ mln	2008				Δ% 08/07			
	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M
VOICE	1,970	1,926	1,796	5,692	-8.8%	-9.3%	-10.6%	-9.6%
TRAFFIC	824	805	728	2,357	-11.2%	-10.2%	-11.2%	-10.9%
ACCESS	952	927	903	782	-5.3%	-6.6%	-7.6%	-6.5%
VOICE VAS	75	66	58	200	-17.6%	-26.7%	-34.8%	-25.9%
HANDSETS	118	128	107	353	-13.9%	-11.7%	-12.3%	-12.6%
INTERNET	406	404	398	1,208	15.0%	11.3%	12.1%	12.8%
NARROWBAND	16	15	13	44	-27.3%	-37.5%	-31.6%	-31.3%
BROADBAND	389	390	384	1,164	17.3%	15.0%	14.4%	15.6%
BUSINESS DATA	383	418	416	1,218	-2.5%	-6.7%	5.3%	-1.5%
LEASED LINES	54	49	50	152	-14.3%	-19.7%	-13.8%	-16.5%
TRADITIONAL DATA	18	19	17	54	-10.0%	5.6%	6.3%	0.0%
BROADBAND DATA	121	123	117	361	-8.3%	-6.1%	-14.0%	-9.5%
EQUIPMENTS	39	48	55	143	5.4%	-22.6%	3.8%	-6.5%
ICT	151	180	177	508	7.1%	2.9%	34.1%	13.1%
WHOLESALE	905	909	946	2,760	-8.8%	-5.1%	4.6%	-3.3%
SUBS. ADJ., OTHERS	83	82	86	250	-6.7%	-19.6%	-1.9%	-14.7%
TOTAL	3,746	3,739	3,643	11,128	-6.1%	-6.4%	-3.2%	-5.3%

Domestic Fixed: TI Access and Traffic Performance

Telecom Italia access evolution

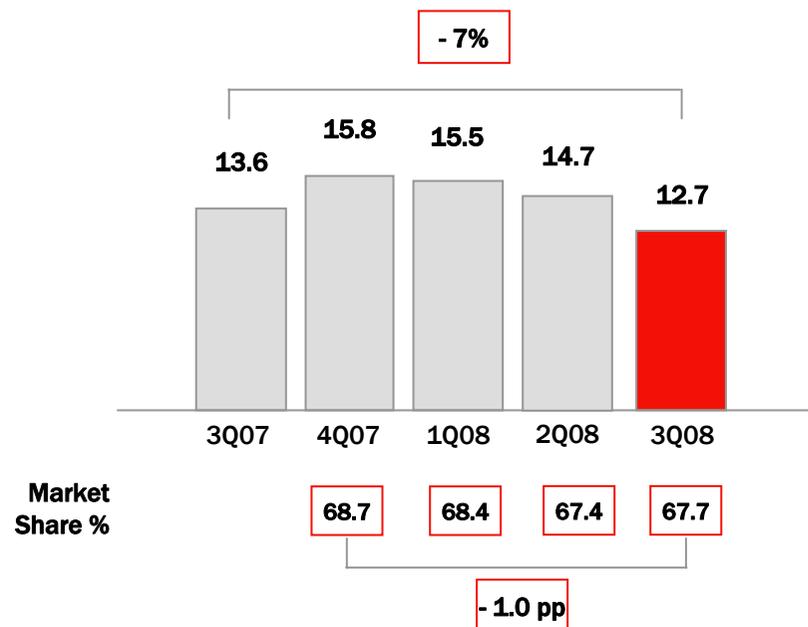
Mln access lines

QoQ Line loss



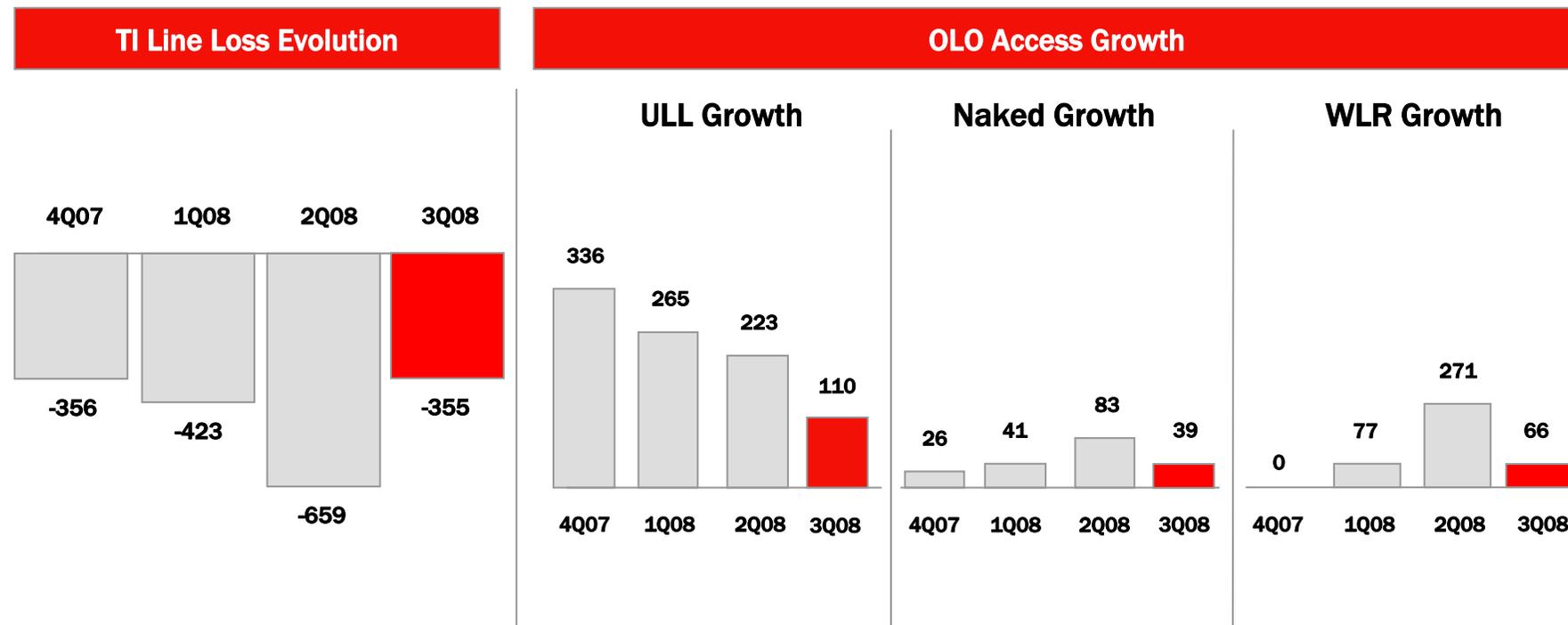
Telecom Italia Voice traffic evolution

Bln minutes; TI Voice traffic



Domestic Fixed: TI and OLO Access Evolution

'000 Access lines

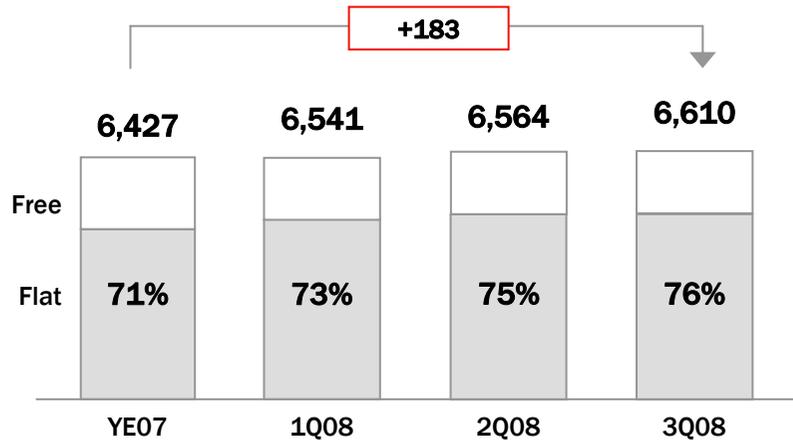


- ▶ TI line losses back to 4Q07 level as a result of both
 - ▶ TI successful win-back and retention policy
 - ▶ OLO's market slowdown (progressive contraction of ULL net adds, end of the backlog effect on WLR)

Domestic Fixed: TI Retail BB Portfolio Evolution and ARPU

Retail Broadband Portfolio

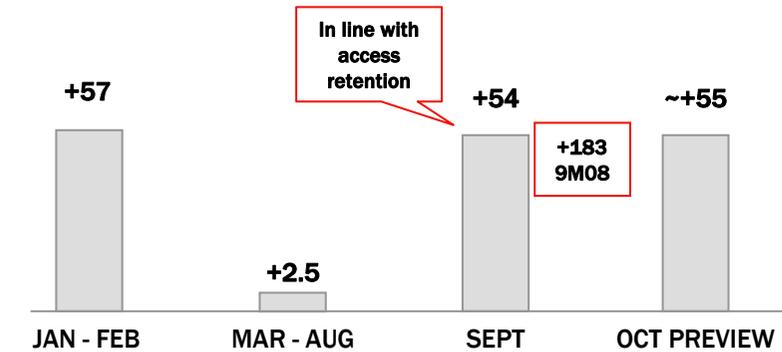
'000 Access lines



Retail Broadband Portfolio – net adds trend

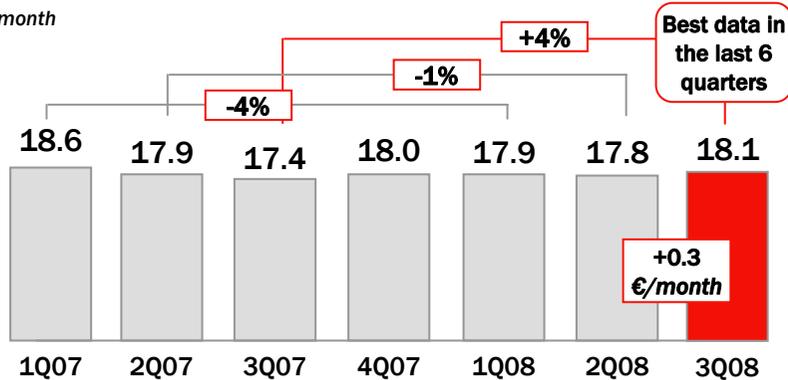
'000 access lines

Monthly average net adds



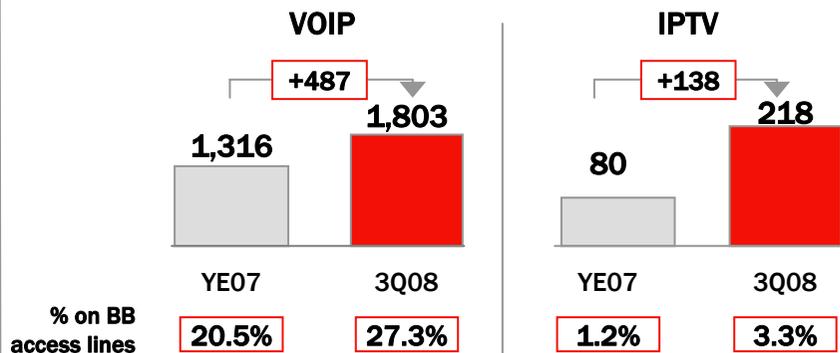
BB ARPU stabilization

€/month



VoIP and IPTV portfolio

'000 access lines



Domestic Fixed: 4Q08 Offer and Business Evolution

Guarantee Broadband Targets

“Zero Canone” and Commercial Focus on main Cities

OFFER DEVELOPMENT

- ▶ **Alice Casa**, the first TI Naked Offer
All inclusive dual play (voice + Broadband) and triple play (+ content) offers based on the “Monthly Fee Zero” concept

NEW COMMERCIAL APPROACH IN THE MAIN ITALIAN CITIES

- ▶ A set of **communication and marketing activities** will be launched in various Italian cities to highlight TI strong positioning where competition is stronger.



Improve TI positioning on Small / Medium Enterprises

Innovation to increase penetration of Broadband and Managed Services

NEW BRANDING - “IMPRESA SEMPLICE”

Launch of a new brand aimed at defining TI distinctive position in the SMEs segment.

- ▶ **Offer:** TLC (fixed and mobile) and ICT
- ▶ **Communicated values:** integrated and convergent offer – simple to buy and use – oriented to the specific requirements of business customers – segmented, customer service and quality

INNOVATIVE OFFERS

- ▶ **“Punto LAN”:** launch of the first “all inclusive – turn key” solutions for SMEs. A new and integrated communication solution including VoIP, BB connectivity, devices and managed services, based on a “for Workstations” commercial proposition



ICT Growth

Upselling on TI BB Customer Base

OFFER DEVELOPMENT

- ▶ Upgrading of **Data Center Solutions** for Medium and Large Companies (e.g. **New CRM Data Center Solution**)
- ▶ **New Messaging offer** based on “**Open Source Platform**” for Medium and Large Companies
- ▶ **Energy Management solutions**
- ▶ **New offers for Enterprise and SME customers;** consolidation in entry level offers for Enterprise customers.

4Q08 EXPECTED PERFORMANCE

- ▶ Economic impact from relevant contracts signed in previous quarters (Health, Public Admin.)
- ▶ New contracts for Licensing and Security in Corporate and Banking Markets

Agenda

- ▶ **9M '08 business performance:**
 - ▶ **Domestic**
 - ▶ Fixed business performance
 - ▶ **Mobile business performance**
 - ▶ Cost Analysis
 - ▶ HanseNet
 - ▶ TIM Brasil
- ▶ Appendix

Domestic Mobile: Rebounding Revenues Trend

2008 Targets

3Q08 Evidence

Market share/ ARPU

- ▶ Focus on revenue share rather than market share (~ 40% mkt share)
 - ▶ Stable positioning on key segments
-
- ▶ ARPU dilution slowdown (20€)

Stable mkt share on key segments vs. reported mkt share dilution:

- ▶ Mkt share reported 38.6% (*number of lines*)
- ▶ Stable in mass market (*panel*): 40.9% lines, 45.4% revenue (+0.2 p.p. vs. June)
- ▶ Stable in Business (*panel*): 52.2% (+0.4 p.p. vs. June)

ARPU rebounded to 20.5 € in Q3

- ▶ Price up to 12.9 €cent in September (vs. 12.0€cent flat in H1) due to Consumer pre-paid repricing and to a lower use of promotions
- ▶ Usage stable at 123 minutes/month
- ▶ VAS ARPU up to 5.1 €

VAS; Mobile internet

- ▶ ~ 25% VAS on service revenues
- ▶ 2.6 mln Mobile broadband lines

24.2% VAS on service revenues; 25.3% at retail level

- ▶ Confirmed interactive VAS growth: +28% YoY in Q3
- ▶ 2.0 mln Mobile broadband users
- ▶ Interactive VAS up to 12.7% of service revenues (*exceeding the traditional P2P business at 11.5%*)

Revenue growth

- ▶ -2% Total Mobile revenues
 - ▶ Less handsets
 - ▶ Less wholesale
- ▶ Flat retail service revenues

Positive retail revenues in September (+0.9% YoY):

- ▶ As of September, business generated (*i.e. outgoing voice and VAS revenues*) turns positive: +2.5% YoY vs. -1.8% in H1
- ▶ Overall, halved total Mobile revenues erosion in Q3 (-2.5% YoY vs. -5.0% in H1)
- ▶ Still lower revenues from int'l and national roaming (*Reding cut, GDP pressure on roaming visitors, H3G contract*): -30.9% YoY in Q3

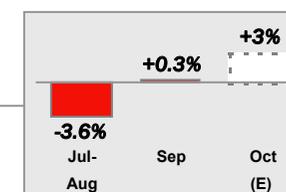
Domestic Mobile Revenues: Rebound in Retail Business Generated, as of September

€ mln, %

Total Mobile	2007		2008		% 08/07			IIIQ
	IH	IIIQ	IH	IIIQ	IH	Jul-Aug	Sep	
Revenues	4,916	2,513	4,669	2,450	(5.0)	(3.3)	(0.8)	(2.5)
Services	4,595	2,366	4,345	2,267	(5.4)	(5.5)	(1.5)	(4.2)
Business generated	3,549	1,855	3,483	1,848	(1.9)	(1.6)	2.2	(0.4)
Outgoing Voice	2,627	1,367	2,432	1,284	(7.4)	(7.6)	(2.7)	(6.0)
VAS	916	487	1,037	549	13.2			12.7
Other Retail	6	2	14	15	ns			ns
Business received	1,046	511	862	419	(17.6)	(19.7)	(14.6)	(18.0)
Incoming Voice	835	365	716	316	(14.3)			(13.4)
Visitors and Other Wholesale	210	146	146	103	(30.6)			(29.5)
Handsets	321	147	325	183	1.1	33.8	9.5	24.7
Retail								
Revenues	4,694	2,359	4,513	2,343	(3.9)	(1.4)	0.9	(0.6)
Services	4,373	2,212	4,188	2,161	(4.2)	(3.6)	0.3	(2.3)
Business generated	3,544	1,851	3,481	1,847	(1.8)	(1.5)	2.5	(0.2)
Outgoing Voice	2,625	1,365	2,431	1,284	(7.4)	(7.6)	(2.4)	(5.9)
VAS	913	485	1,036	548	13.5			12.9
Other Retail	6	2	14	15	ns			ns
Business received (incoming)	829	361	707	314	(14.7)	(14.2)	(10.7)	(13.0)
Wholesale/Other*								
Revenues	222	154	157	107	(29.4)	(32.9)	(26.8)	(30.9)

Halved Total Mobile Revenues erosion in Q3

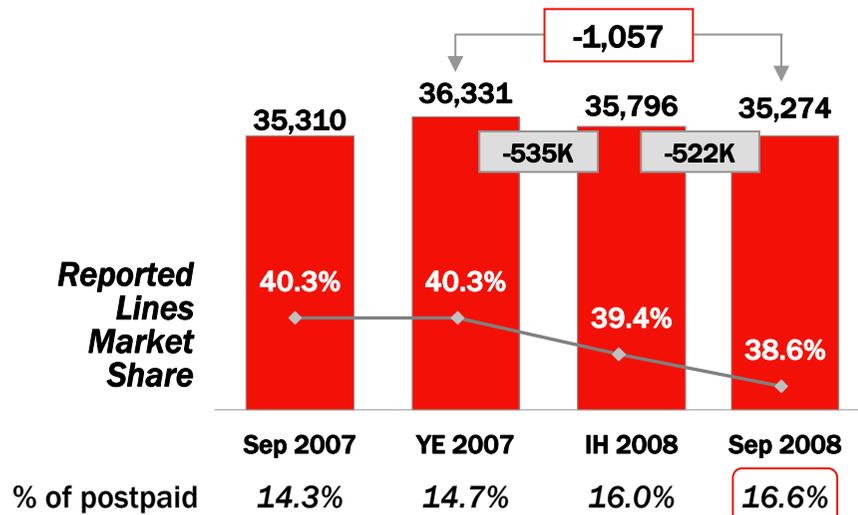
As of September, business generated turns positive



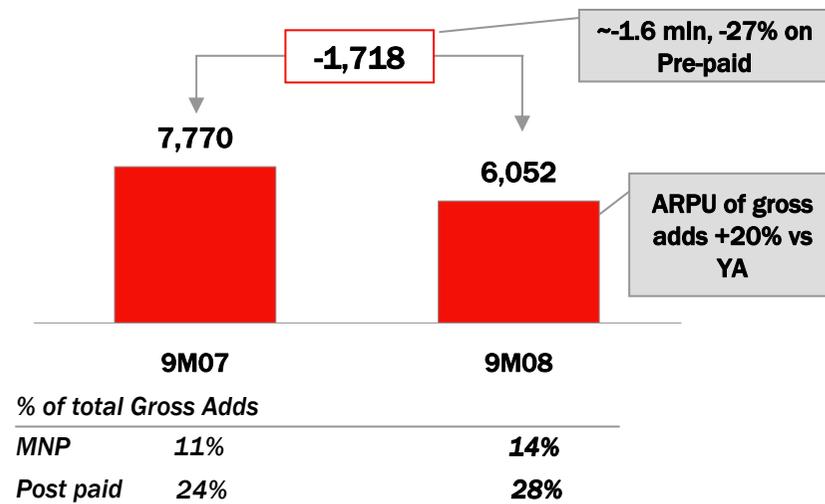
* Wholesale includes business received by International Visitors and H3G national Roaming. Roaming revenues of TIM customers abroad are reported in Retail/Business Generated

Domestic Mobile: Less Lines, More Valuable Customers

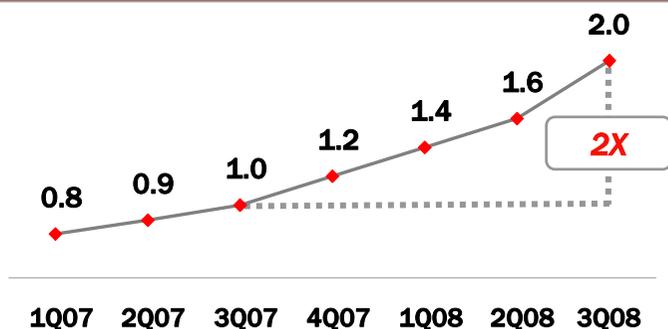
Customer Base ('000)



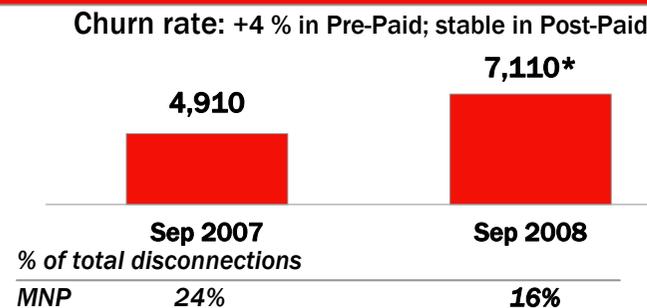
Gross Adds ('000)



WEB Mobile Broadband Active Users (mln)

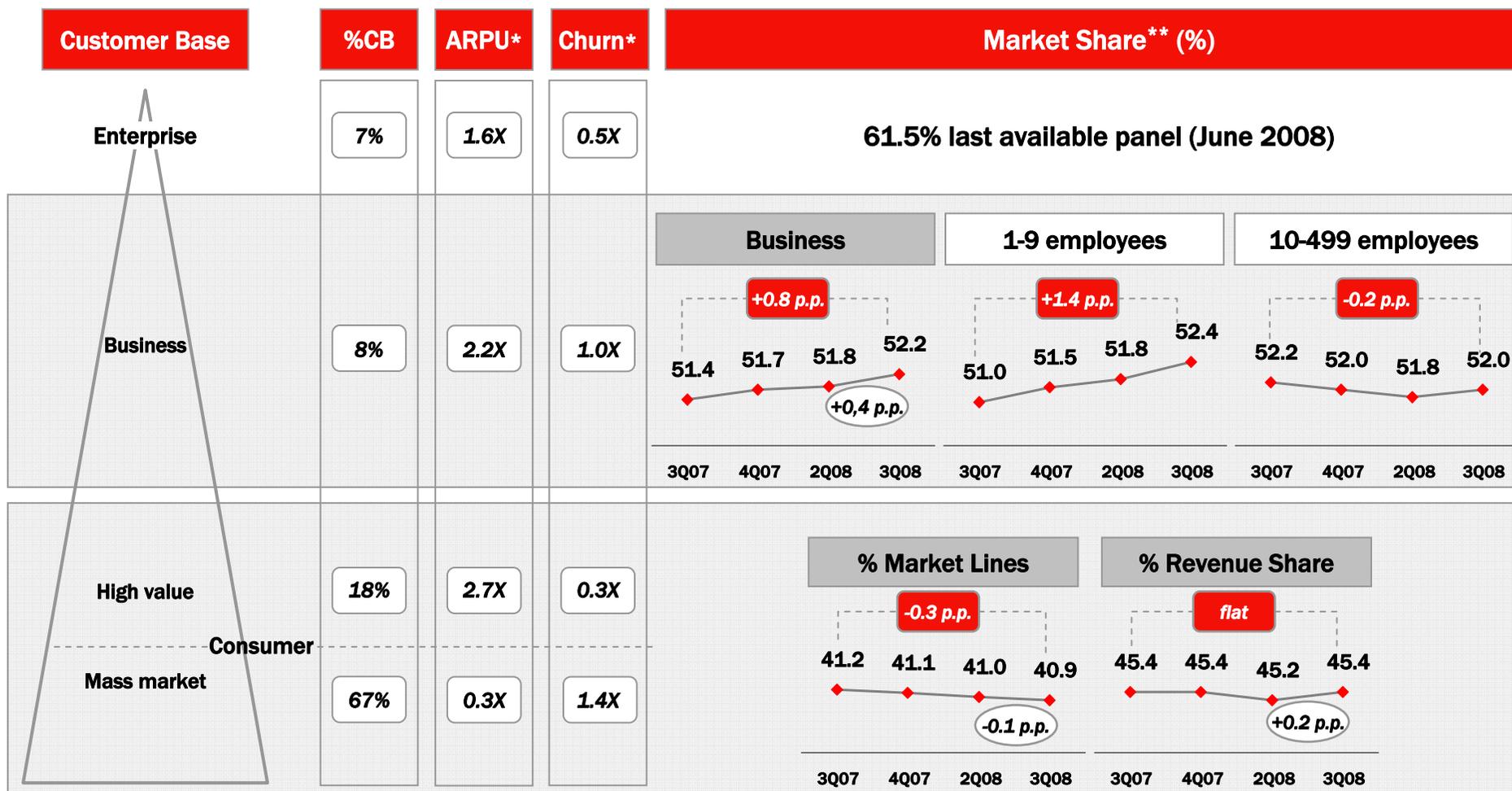


Churn (including clean-up)



* Reflecting a clean up of ~1 mln lines

Maintained market share on valuable segments

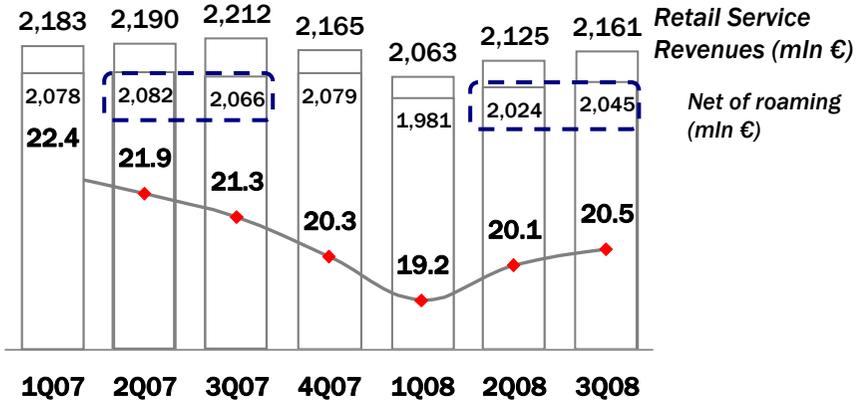


* TIM average = 1X

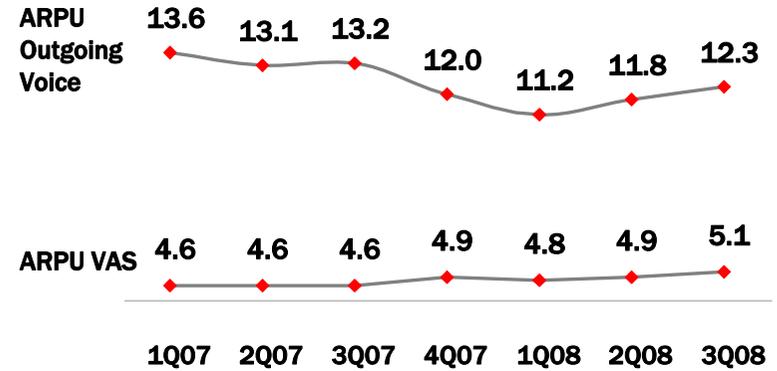
** Source: CRA Research (panel TLC ex Nielsen), Eurisko

Domestic Mobile: ARPU Rebound

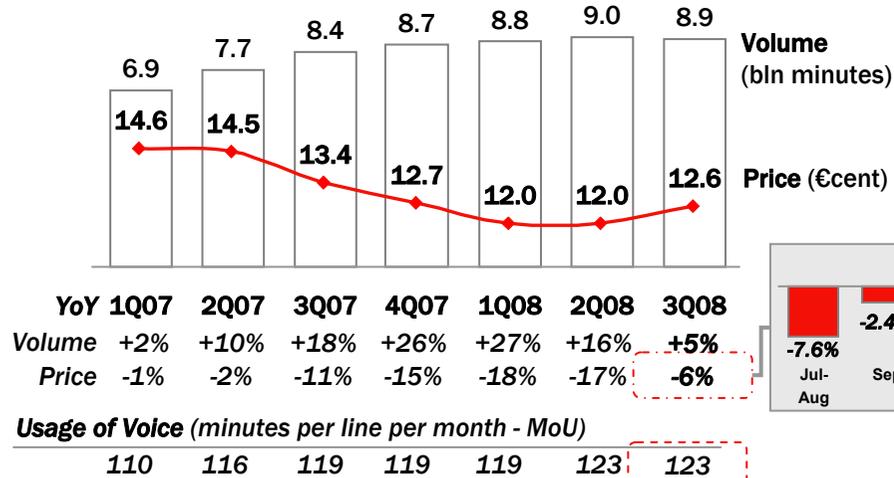
ARPU (€/month/line)



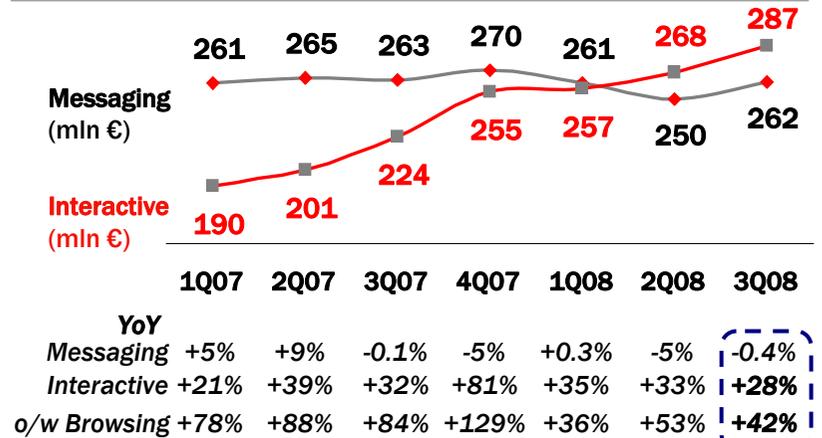
Drivers of ARPU Rebound



Increased price in Outgoing Voice



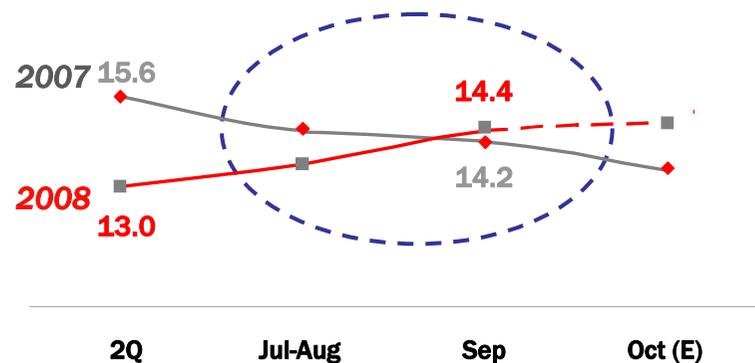
Confirmed Interactive VAS growth



Domestic Mobile: Mass Market benefits from Pre-paid Repricing

Pre Paid Outgoing price

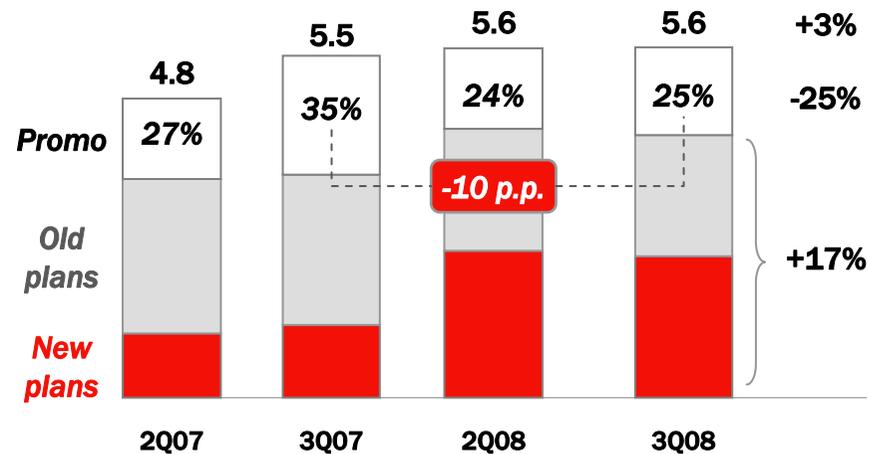
€ cent/minute, roaming excluded



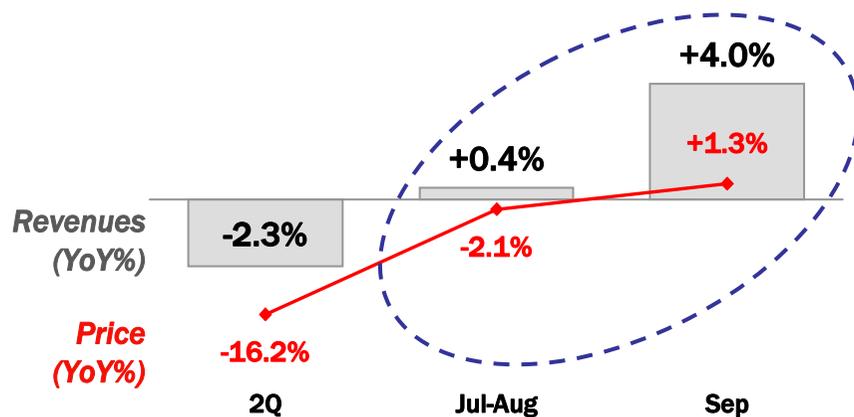
Pre-paid Traffic Volume

Bln of minutes

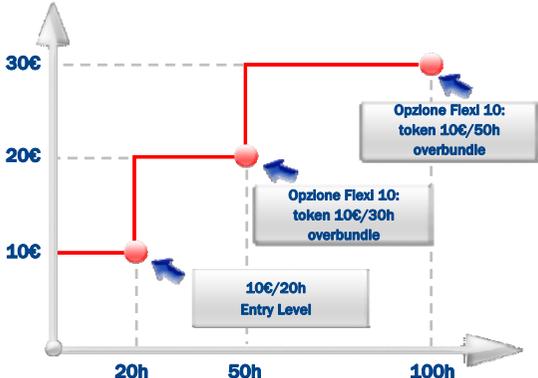
YoY IIIQ



Repricing impact on Pre-paid



Domestic Mobile: Q4 Offering Map

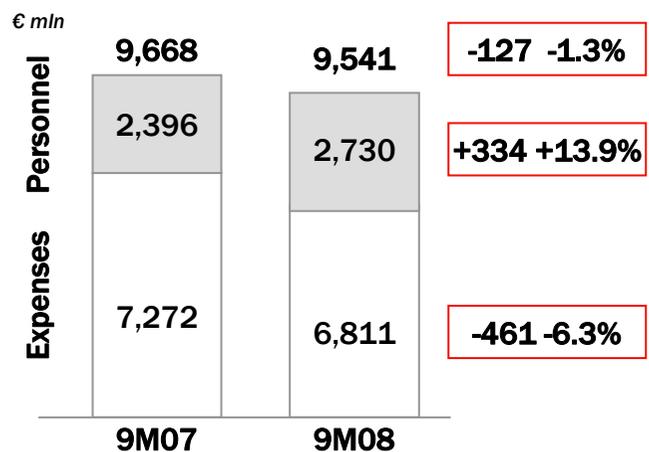
Rebound Voice Revenues	Confirm Interactive VAS Growth	Ride the convergence opportunity
Segmented Offering	Mobile Broadband	Upselling of TI ADSL (Alice seamless experience)
<p>Elite - “Tutto Compreso”:</p> <ul style="list-style-type: none"> ▶ More Flexibility (“VAS à la carte” concept) <p>Massivo - “Chiara di TIM”:</p> <ul style="list-style-type: none"> ▶ “Ride the semplicity” (Choose your best profile) <p>Family – “Ricarica Famiglia”:</p> <ul style="list-style-type: none"> ▶ Convenience concept: promotes calls/sms among 4 numbers; bill charged to 1 pre/post paid line only <p>Young:</p> <ul style="list-style-type: none"> ▶ New TIM Tribù: “all you can eat” concept per week (4€ unlimited calls, sms, mail, wap on portal) ▶ MTV Mobile: phase 2 (aggressive offering in MNP) 	<p>Boost penetration of Alice Mobile (web users growth):</p> <ul style="list-style-type: none"> ▶ Entry level at 10€/20hrs <p>Upselling of Alice Mobile with Flexi:</p> <ul style="list-style-type: none"> ▶ 10€ token for extra bundles <p>Distinctive products portfolio presented in last week Dealers’ convention:</p> <ul style="list-style-type: none"> ▶ 3 mln units (booking) ▶ 2G down to 33% (vs 44% May convention) ▶ Alice Mobile volume doubled (internet keys, laptops, I-phone) vs May convention (0,5 mln units) 	<p>Upselling of TI ADSL Customer Base into mobility:</p> <ul style="list-style-type: none"> ▶ “La chiavetta in bolletta” (internet key + 20hrs mobile browsing at 10€/month billed in TI Wireline invoice) <p>TIM X Tutto:</p> <ul style="list-style-type: none"> ▶ TIM branded convergent solution combining: <ul style="list-style-type: none"> ▶ Homezone solution for pure Mobile (TIM in Casa) ▶ ADSL Naked ▶ Single Bill (TIM invoice) 

Agenda

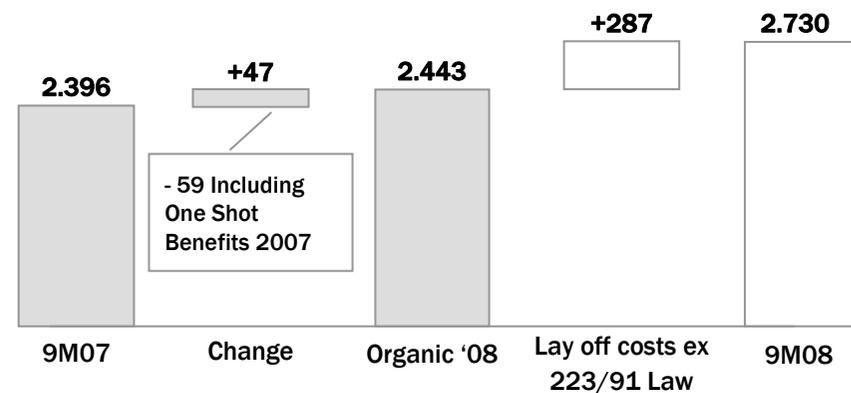
- ▶ **9M '08 business performance:**
 - ▶ **Domestic**
 - ▶ Fixed business performance
 - ▶ Mobile business performance
 - ▶ **Cost Analysis**
 - ▶ HanseNet
 - ▶ TIM Brasil
- ▶ Appendix

Lean Company Domestic: Efficiency

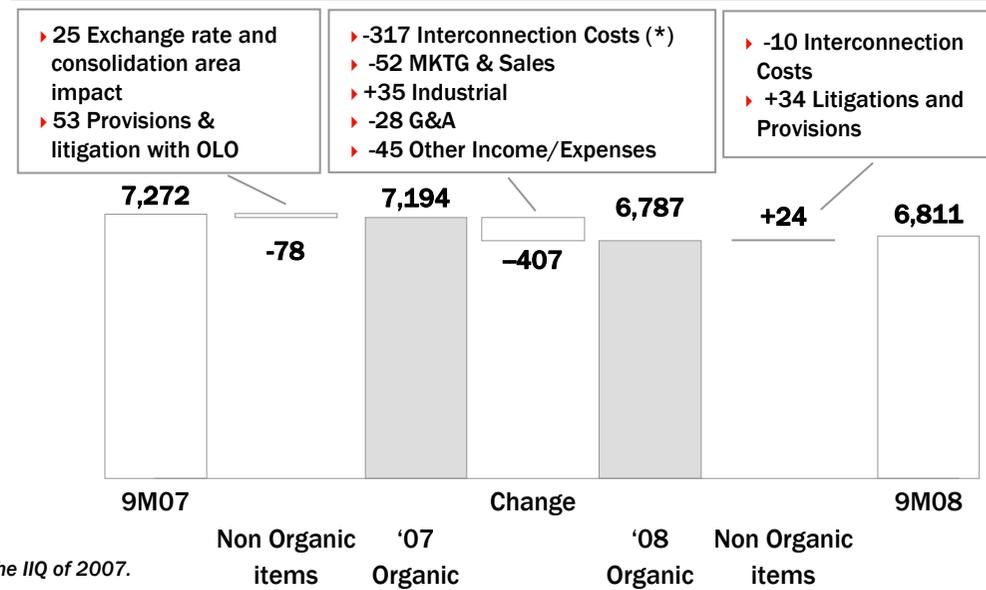
OPEX TREND



ORGANIC PERSONNEL COST



ORGANIC EXPENSES



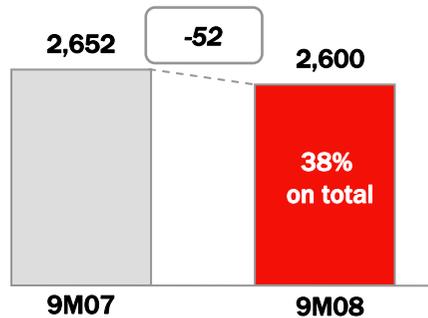
Domestic - Working on efficiency

ORGANIC DATA

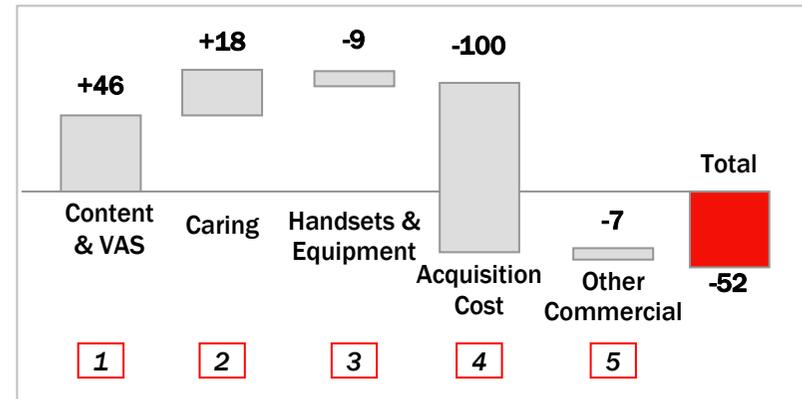
Key Messages

€ mln

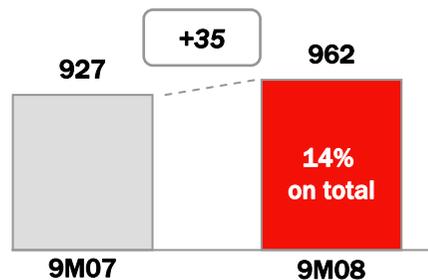
MARKETING & SALES



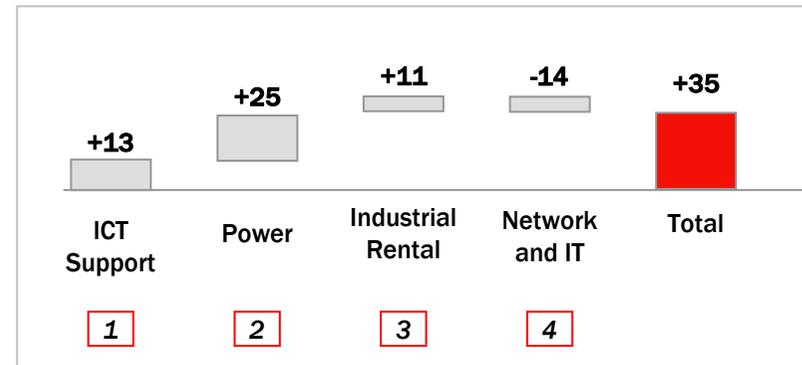
- 1 VAS growth financing: content driven revenues +82 Mln
- 2 Customer Satisfaction Improvements (CSI +1,2pp vs. YE '07, ASR 119 +2pp, ASR 187 +4pp)
- 3 Reduced subsidy impact: margin increase +44 Mln
- 4 Commercial "customer centric" sales channell re-engineering (opex reduced by 30%)



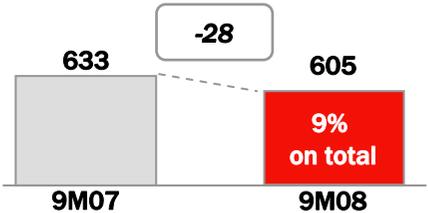
INDUSTRIAL



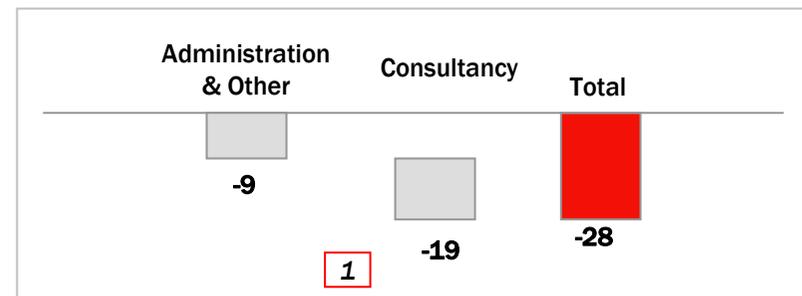
- 1 ICT growth financing. Service revenue increase 45 Mln (+16% YoY)
- 2 Energy consumption optimization (-26 GWh), price increase 15%
- 3 Inflation adjustment on contracts
- 4 Leaner network delivery and Assurance processess



G&A



- 1 Lean organization drive to efficiency on discretionary G&A



Agenda

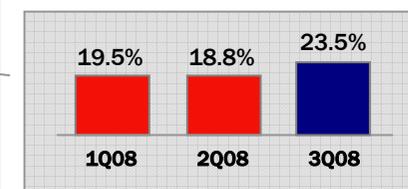
- ▶ **9M '08 business performance:**
 - ▶ Domestic
 - ▶ Fixed business performance
 - ▶ Mobile business performance
 - ▶ Cost Analysis
 - ▶ **HanseNet**
 - ▶ TIM Brasil
- ▶ Appendix

HanseNet: Main Results

Reported Data
Million Euro, %

	9M '07	9M '08	Δ YoY	Δ YoY %
Revenues	767	899	+132	+17.2%
Ebitda	197	185	-12	-6.1%
% on revs	25.7%	20.6%		
Capex	262	240	-22	-8.4%
% on revs	34.2%	26.7%		

Quarterly EBITDA margin build-up

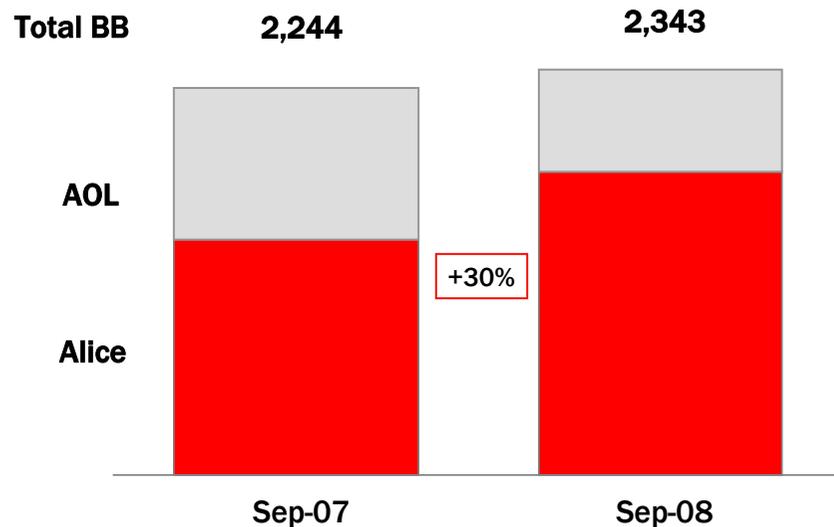


- ▶ HanseNet's quarterly revenues are stable and in line with previous quarterly performance YTD, despite continuing price pressure
- ▶ HanseNet is actively operating to increase profitability, with actions to reduce operating costs and to push offers with higher value

HanseNet: Broadband Portfolio Evolution

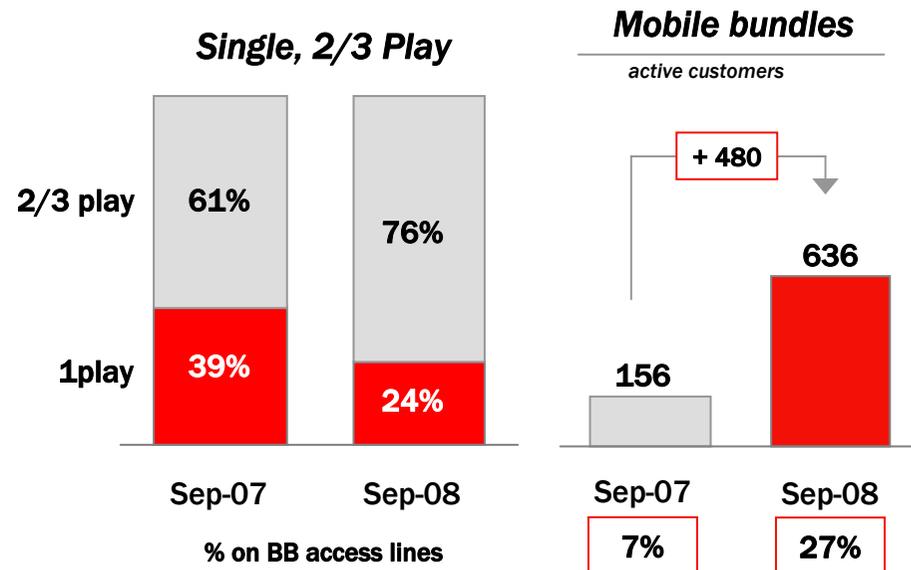
Customer Base

'000 Access Lines



Offer Segmentation

%, '000 Access Lines



- ▶ Alice customers increased 30% yoy and AOL's customer base reduction is progressively slowing down
- ▶ Wholesale offer halted in June '08, new Bitstream offer will replace it in areas not covered by HanseNet/3rd party ULL
- ▶ Focus on high value customers:
 - ▶ Weight of 2/3 Play base grows 15 pp YoY
 - ▶ Active mobile customers + 300% YoY
 - ▶ New IPTV offer since September

Agenda

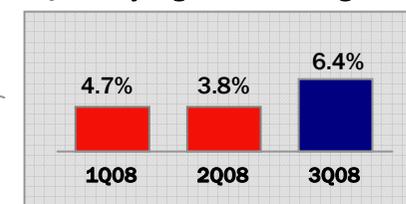
- ▶ **9M '08 business performance:**
 - ▶ Domestic
 - ▶ Fixed business performance
 - ▶ Mobile business performance
 - ▶ Cost Analysis
 - ▶ HanseNet
 - ▶ **TIM Brasil**
- ▶ Appendix

TIM Brasil: Main Results

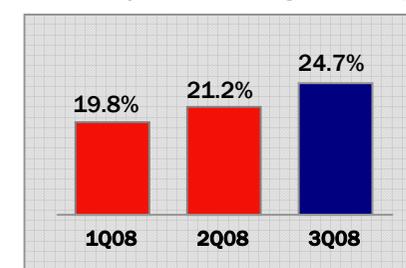
IAS/IFRS

	Reported Data - Euro Million Euro, %				Growth in local currency Million R\$, %	
	9M '07	9M '08	Δ YoY	Δ YoY %	Δ YoY	Δ YoY %
REVENUES	3,603	3,973	+370	+10.3%	+484	+5.0%
EBITDA	824	875	+51	+6.2%	+25	+1.1%
<i>% on Revs</i>	22.9%	22.0%	-0.9 p.p.		-0.9 p.p.	
EBIT	44	71	+27		+65	
<i>% on Revs</i>	1.2%	1.8%	+0.6 p.p.		+0.6 p.p.	
CAPEX	442	1,073	+631		+1,559	
<i>% on Revs</i>	12.3%	27.0%	+14.7 p.p.		+14.7 p.p.	

Quarterly organic revenue growth



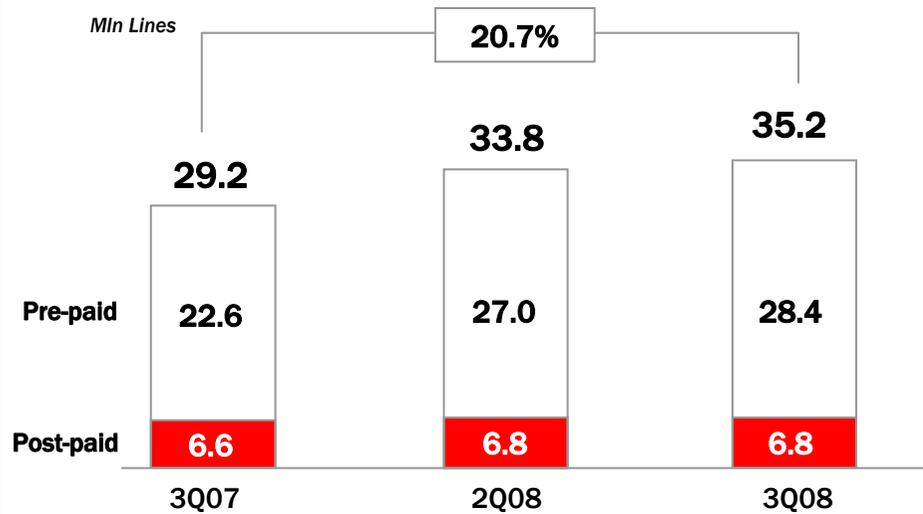
Quarterly EBITDA margin build-up



Includes 477 mln € of 3G license cost expensed in 2Q 08

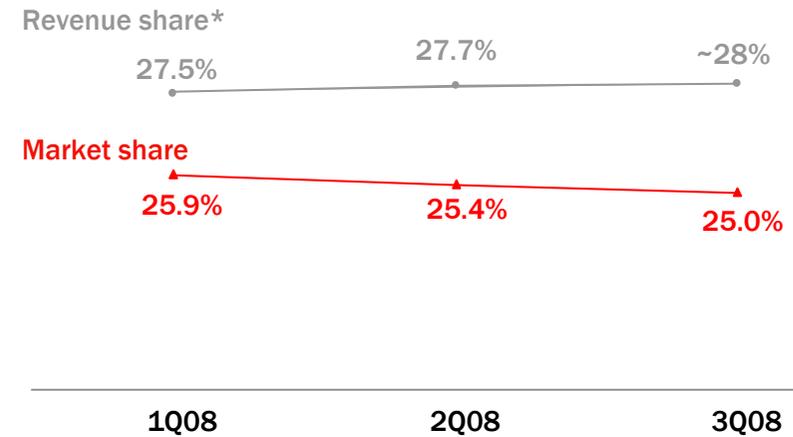
TIM Brasil: Marking the Value Market

TIM lines evolution



- ▶ Pre-paid growth supported by **promotions on recharge** and by the **success of naked SIM-card sales** (>50% of total gross adds)
- ▶ Post-paid segment performance still impacted by **disconnections of credit-risky lines** acquired prior to telesales channel restructuring

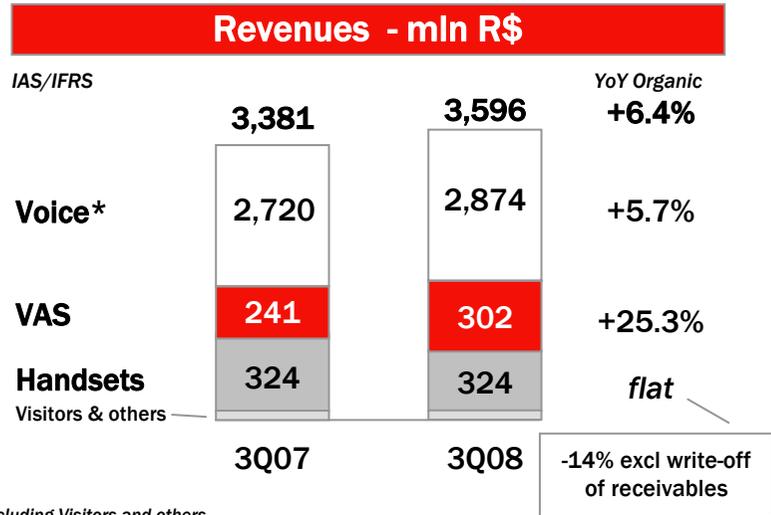
TIM share performance



* Based on 5 main wireless players which account for 99% of mobile lines

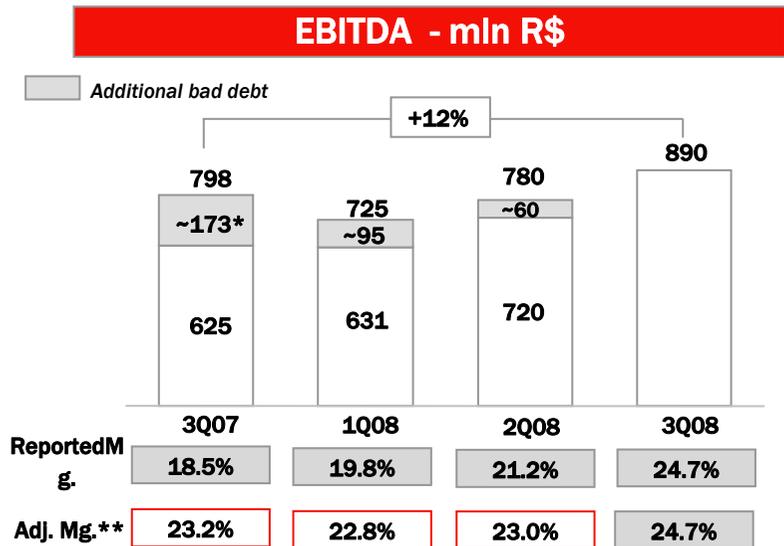
- ▶ **Renewed focus on revenue share with confirmed n.2 position**
- ▶ **Selective approach on subscriber base growth**, with focus on profitability allied to a strict disconnection policy
- ▶ Capturing additional value from subscriber base through **convergence and offer cross-selling**

TIM Brasil: Performance Drivers



▶ **Top-line progressive pick-up supported by:**

- ▶ improved outgoing voice pricing trend with volume resiliency and upside to incoming stream thanks to MTR tariff adjustment and volume effect
- ▶ launch of 3G+ delivers uplift in VAS ARPU with VAS on service revenues > 9%, +1.3pp YoY
- ▶ handset sales reflect improvement of device mix for high end customers



▶ **EBITDA margin rebound thanks to:**

- ▶ selective commercial approach focused on value/profitability
- ▶ renewed push on on-net traffic positive for interconnection levels
- ▶ bad debt under control with new control rules/ stricter credit analysis

*Impact from receivables write-off in 3Q07: R\$119 million in bad debt and R\$55 million in handset revenue
 ** adjusted for additional bad debt levels stemming from one-off write-off in 3Q07 and telesales related bad debt in 1Q-3Q08

Agenda

- ▶ **9M '08 business performance:**
 - ▶ Domestic
 - ▶ Fixed business performance
 - ▶ Mobile business performance
 - ▶ Cost Analysis
 - ▶ HanseNet
 - ▶ TIM Brasil

- ▶ **Appendix**

OLO Fixed Access Lines

'000 access

**OLO Access
(on TI infrastructure)***

	1Q 07	1H 07	9M 07	2007	1Q 08	1H 08	9M 08
ULL	1,967	2,322	2,521	2,930	3,218	3,411	3,500
Virtual ULL	357	327	250	178	154	185	206
Shared Access (ADSL)**	288	279	260	244	232	220	210
WLR	-	-	-	-	77	348	414
Naked	216	253	281	307	349	432	471

* Restated (change in data mining systems)

** Included in TI Retail Access

TI Broadband Portfolio Evolution

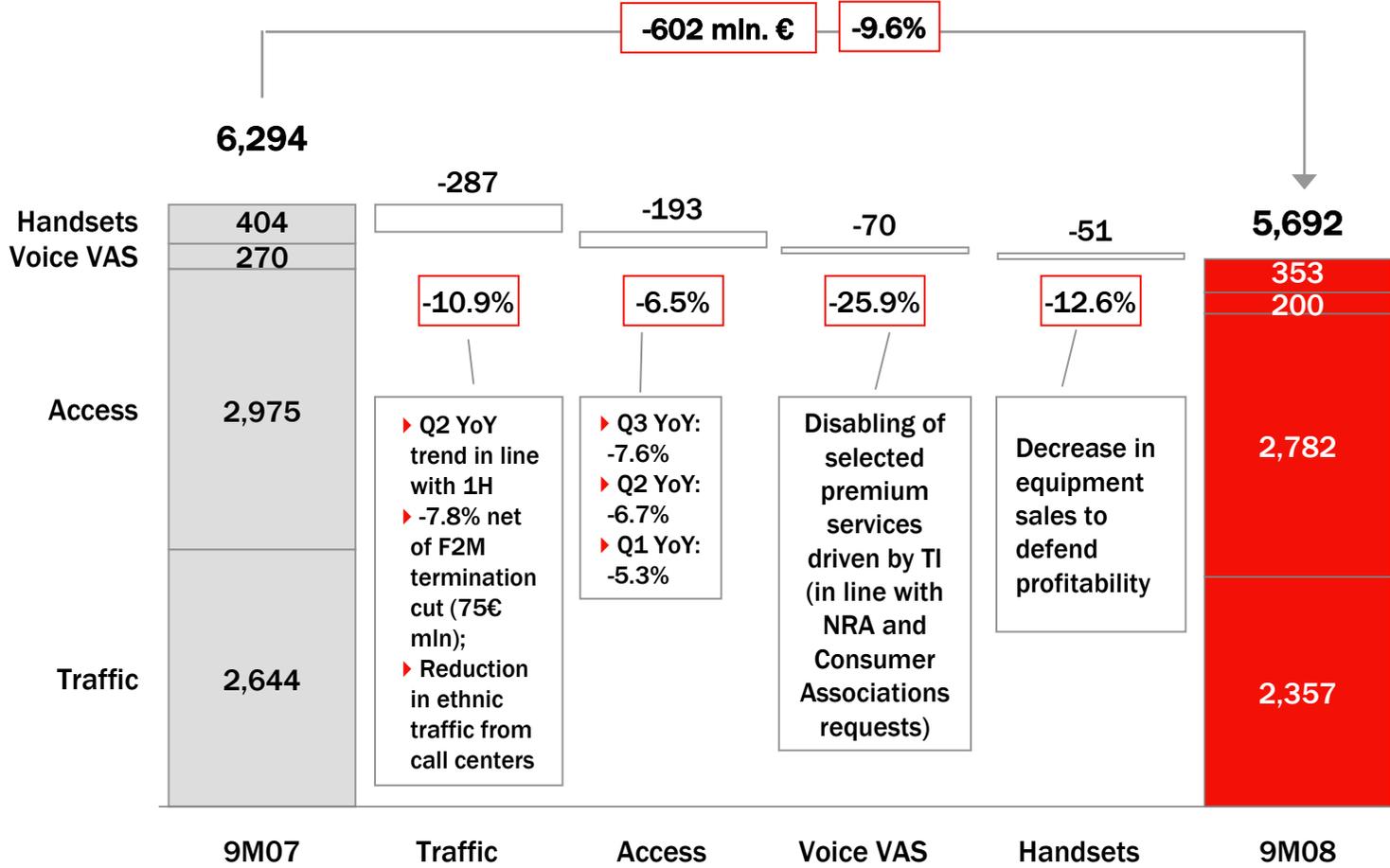
'000 Access lines

	Dec '05	Dec '06	Dec '07	Sep'08	Δ Dec '06 vs Dec '05	Δ Dec '07 vs Dec '06	Δ Sep '08 vs Dec '07
Retail	4,817	5,639	6,427	6,610	+822	+788	+183
Consumer	3,875	4,544	5,157	5,221	+687	+613	+64
Business	960	1,095	1,270	1,389	+135	+175	+119
Wholesale	890	1,131	1,163	1,304	+241	+32	+141
Total TI Domestic	5,707	6,770	7,590	7,914	+1,063	+820	+324
International*	1,313	1,890	3,439	2,501	+577	+1,549	-938
Total TI	7,020	8,660	11,029	10,415	+1,640	+2,369	-614

* September '08: Germany and The Netherlands. Previous years including France too

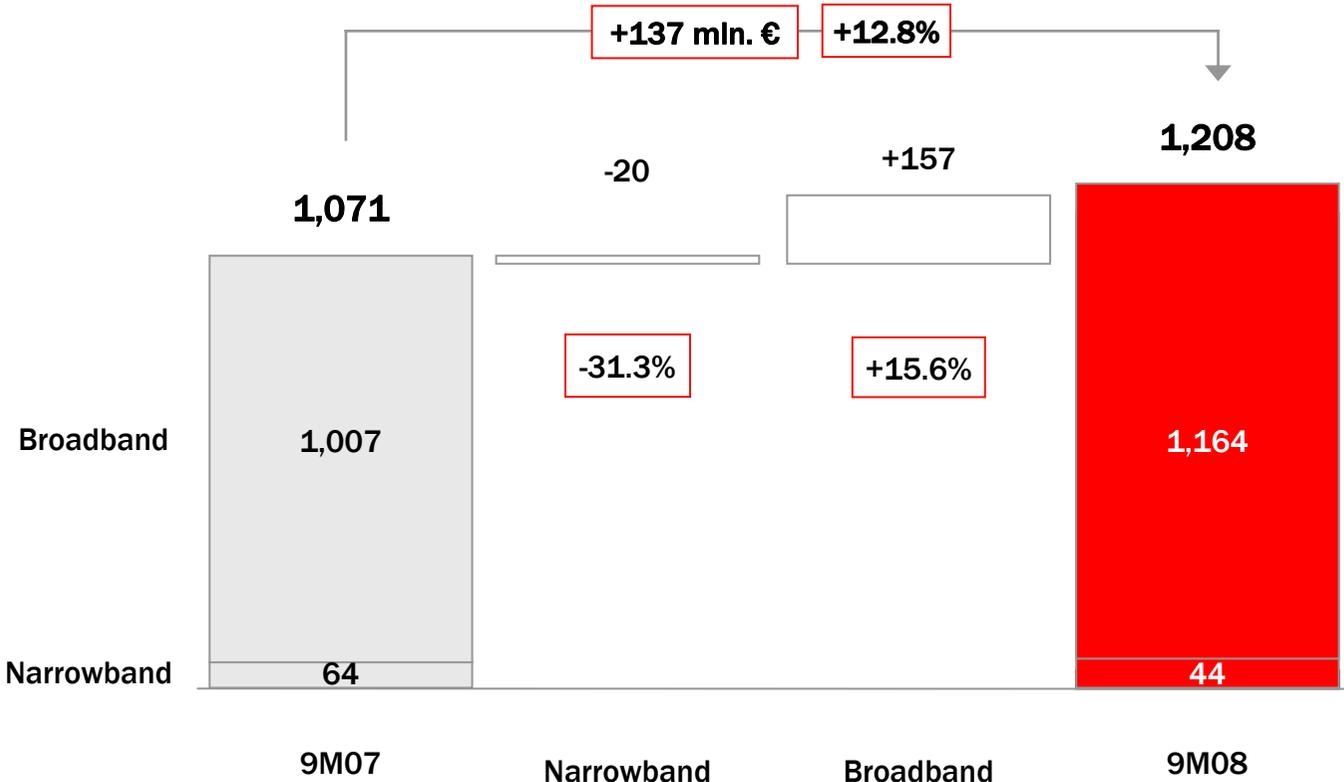
Domestic Fixed: Voice Revenues

€ Mln, %, Reported Data



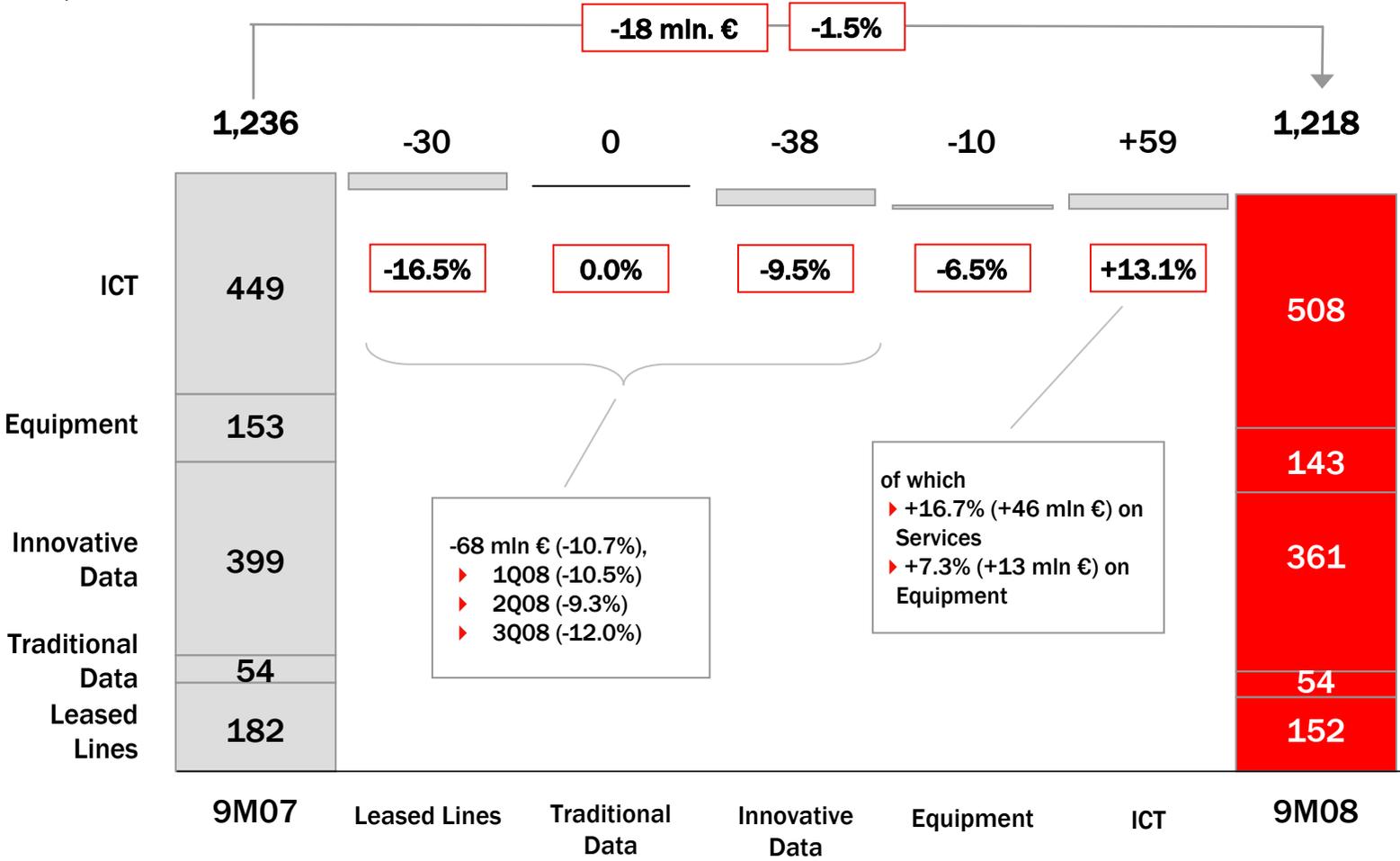
Domestic Fixed: Internet Revenues

€ Mln, %, Reported Data



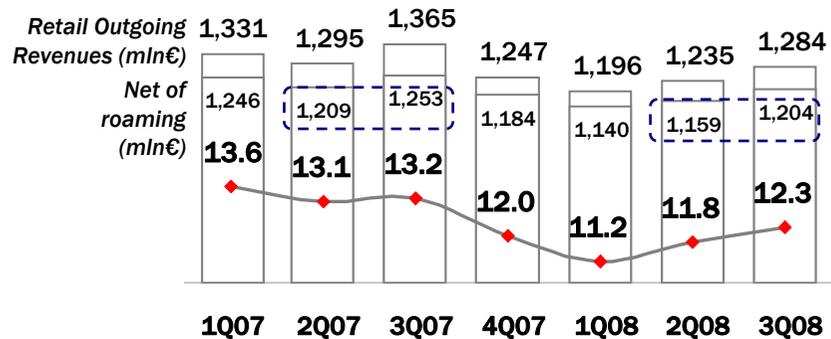
Domestic Fixed: Business Data

€ Mln, %, Reported Data



Domestic Mobile: Outgoing Voice ARPU

ARPU Outgoing (€)

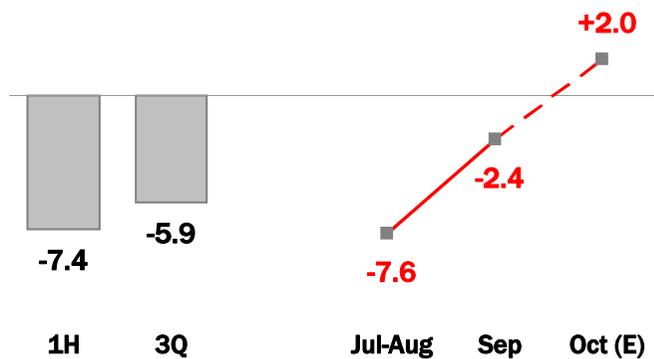


YoY -10% -16% -16% -21% -18% -10% -7%

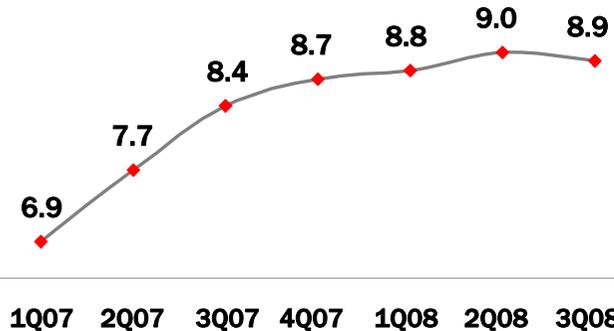
Usage of Outgoing Voice (minutes per line per month - MoU)

73 78 83 84 85 88 88

Outgoing Voice Revenues Retail (YoY%)

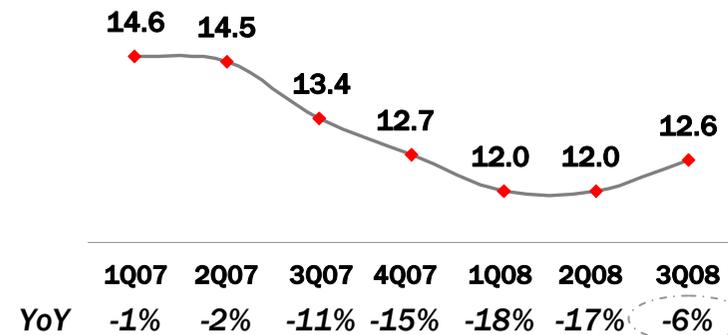


Volume (bn minutes)



YoY +2% +10% +18% +26% +27% +16% +5%

Price (€cent)



YoY -1% -2% -11% -15% -18% -17% -6%

European BroadBand: Main Results by Country

€ Mln, %, Reported Data

	Total European BB				of which HanseNet + AOL				of which BBNET			
	9M08	9M07 *	Δ Abs	Δ%	9M08	9M07	Δ Abs	Δ%	9M08	9M07	Δ Abs	Δ%
Revenues	961	824	+137	+16.6%	899	767	+132	+17.2%	62	57	+5	+8.8%
Ebitda	192	212	-20	-9.4%	185	197	-12	-6.1%	7	15	-8	-53.3%
Ebitda margin	20.0%	25.7%	-5.7p.p.		20.6%	25.7%	-5.1p.p.		11.3%	26.3%	-15.0p.p.	
Ebit	9	89	-80	-89.9%	18	89	-71	-79.8%	-9	-	-9	
Ebit margin	0.9%	10.8%	-9.9 p.p.		2,0%	11,6%	-9.6 p.p.		-14.5%		-14.5 p.p.	
Capex	253	269	-16	-5.9%	240	262	-22	-8,4%	13	7	+6	+85.7%
% on revenues	26.3%	32.6%	-6.3 p.p.		26.7%	34.2%	-7.5 p.p.		21.0%	12.3%	+8.7 p.p.	

* Pro-forma Data excluding TI France (discontinued operations)

TIM Brasil: 3Q08 Commercial Activities

VOICE: Remodeling tariffs and promotions dynamics

- ▶ Change in promotions conditions aiming profitability
- ▶ Shortening promotion validity
- ▶ Handset subsidy value oriented (on retention and acquisition)
- ▶ Stimulating customer's recharges through promotional bonus

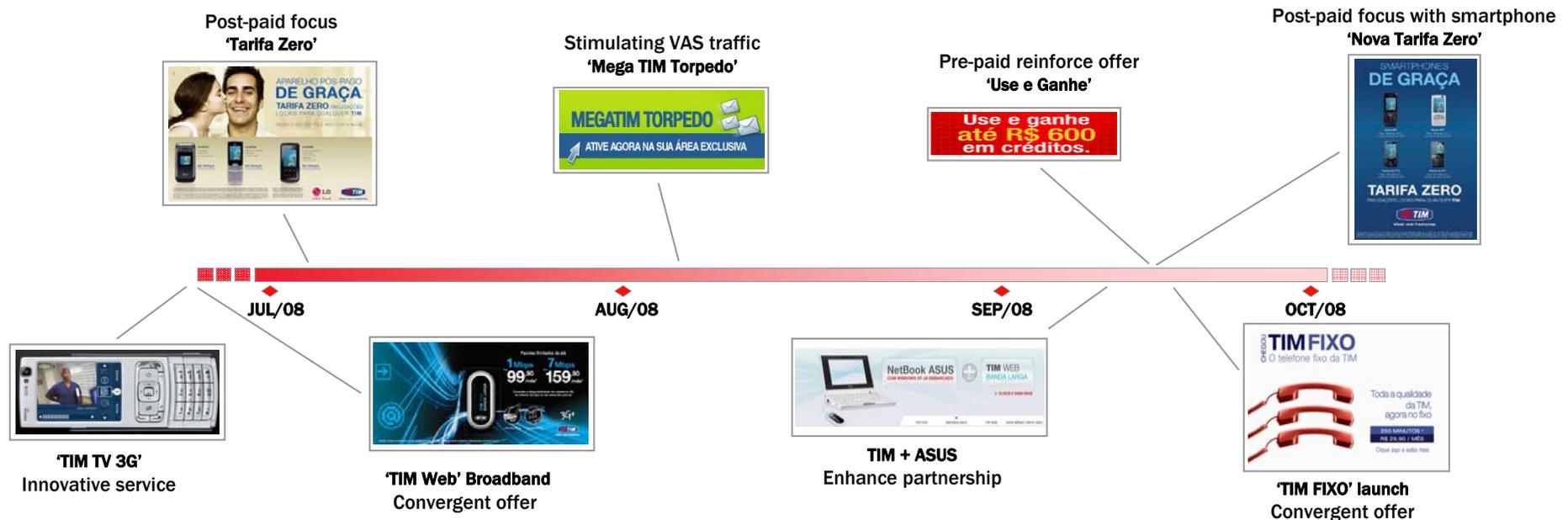
VAS: Push on innovative services

- ▶ Segregate VAS promotion from voice
- ▶ Stimulating usage through data package offer
- ▶ VAS empowered by 3G roll-out
- ▶ Further enhance partnerships

CONVERGENCE: Strengthening our portfolio

- ▶ Widening our TIM Web plan to address different needs
- ▶ Focus on number portability opportunity
- ▶ Cross-selling convergent offers via TIM Web, TIM Fixo and Mobile

Commercial roadmap in 3Q08



TIM Brasil: Addressing an Unattended Market

TIM FIXO

TIMFIXO
O telefone fixo da TIM

• **Serviços:**
Identificador de Chamadas,
Caixa Postal e Chamada em Espera.



Motorola
Telefone de Mesa
FX 900



- ▶ **Monthly fee of R\$29.90, including 250 minutes F2F calls**
- ▶ **Special tariff to TIM's numbers**
- ▶ **Including caller ID, receive SMS, waiting call and conference call**
- ▶ **Plug and play concept.**

Wireline market overview

- ▶ **Low competitive environment (total revenue ~R\$48Bn*)**
- ▶ **Significant customers dissatisfaction**
- ▶ **Low household penetration**
- ▶ **Number portability threat**
- ▶ **High monthly fee**
- ▶ **No value-added service included**

TIM's positioning

- ▶ **Alternative player and new source of revenues**
- ▶ **Client's cost and benefit oriented**
- ▶ **Available nationwide through GSM platform**
- ▶ **Number portability opportunity**
- ▶ **Best value for price**
- ▶ **VAS included (Caller ID, SMS, conference call)**

* Last 12 month until June/2008

Lean Company Domestic Cost Efficiency

€ mln, Reported data

