

TELECOM ITALIA ANALYST & INVESTOR BRIEFING

London, December 3rd, 2008 - Grocers Hall - Princes Street, London EC2R 8AD

2009-2011 Strategic Plan Update

FRANCO BERNABE'

Safe Harbour

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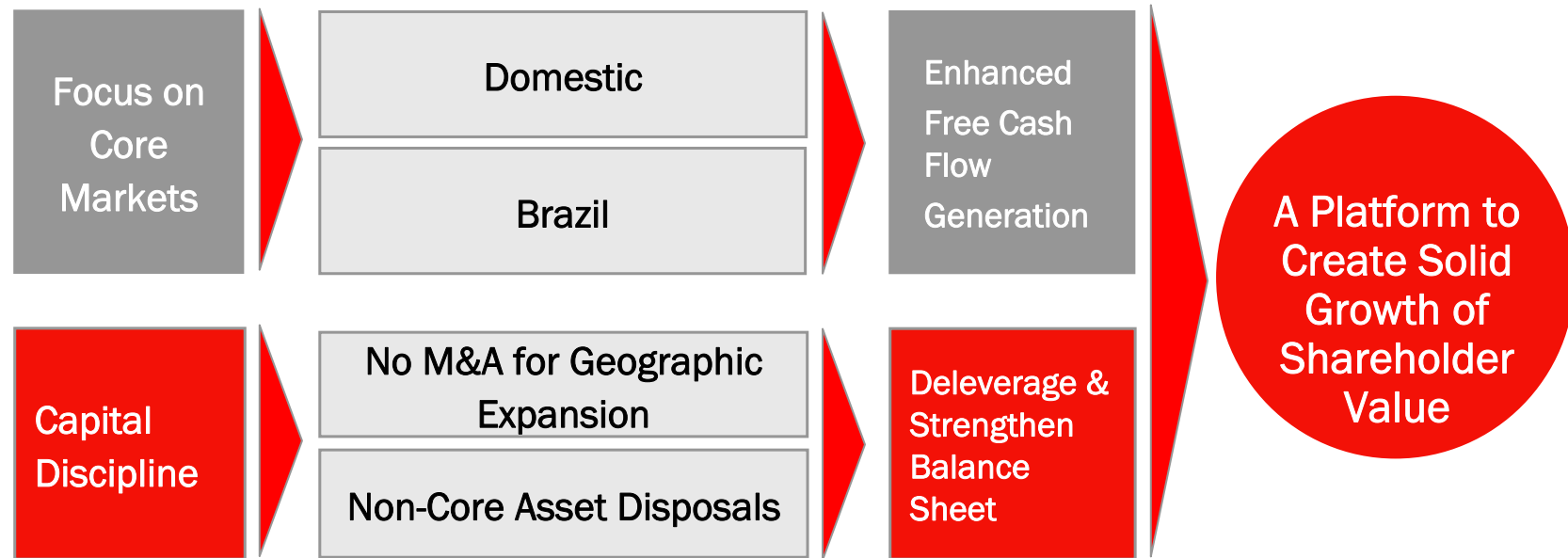
Agenda

- ▶ **Key Messages**

- ▶ **Focus on Core Markets**
 - ▶ **Domestic Highlights**
 - ▶ **TIM Brasil Highlights**

- ▶ **Targets**

Key Objectives and Strategy's Levers

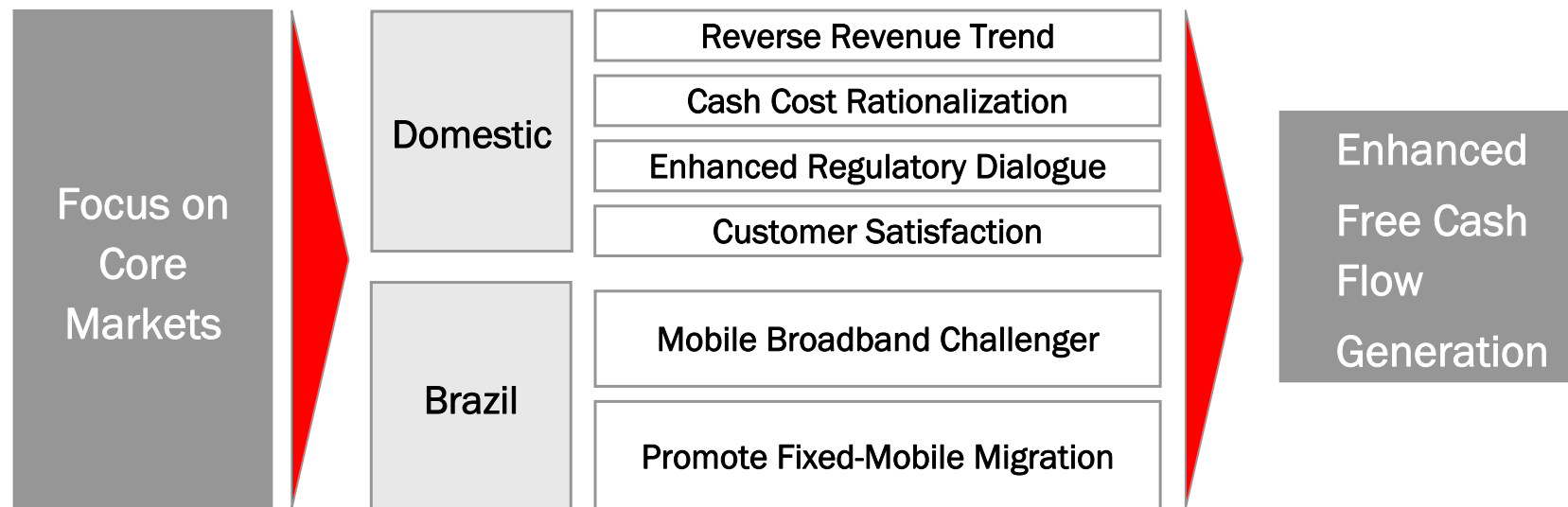


Key Objectives and Commitments – 2009-2011

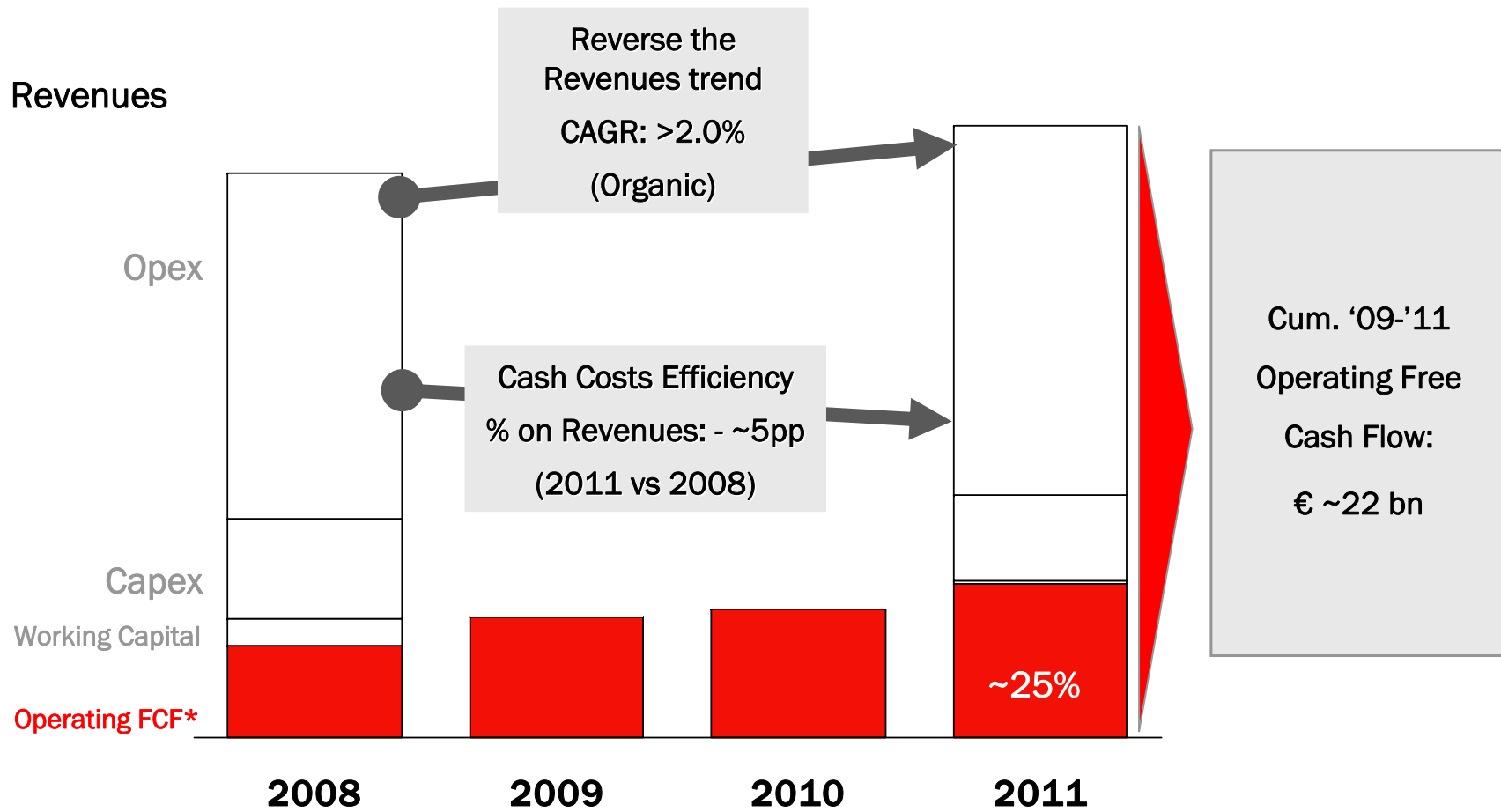
Group Operating Free Cash Flow	~€22.0 Bn cumulative '09 – '11
Domestic Cash Cost Efficiency Plan	~ - €2.0 Bn '11 vs. '08
Domestic Headcount Reduction	9,000 vs 2007 YE(1)
Non-Core Asset Disposals	Up to €3.0 Bn
Strong Focus on Deleveraging	Net Debt/Ebitda 2011 ~ 2.3X

(1) Including 5,000 announced in June 08

Key Objectives and Strategy's Levers – Core Markets

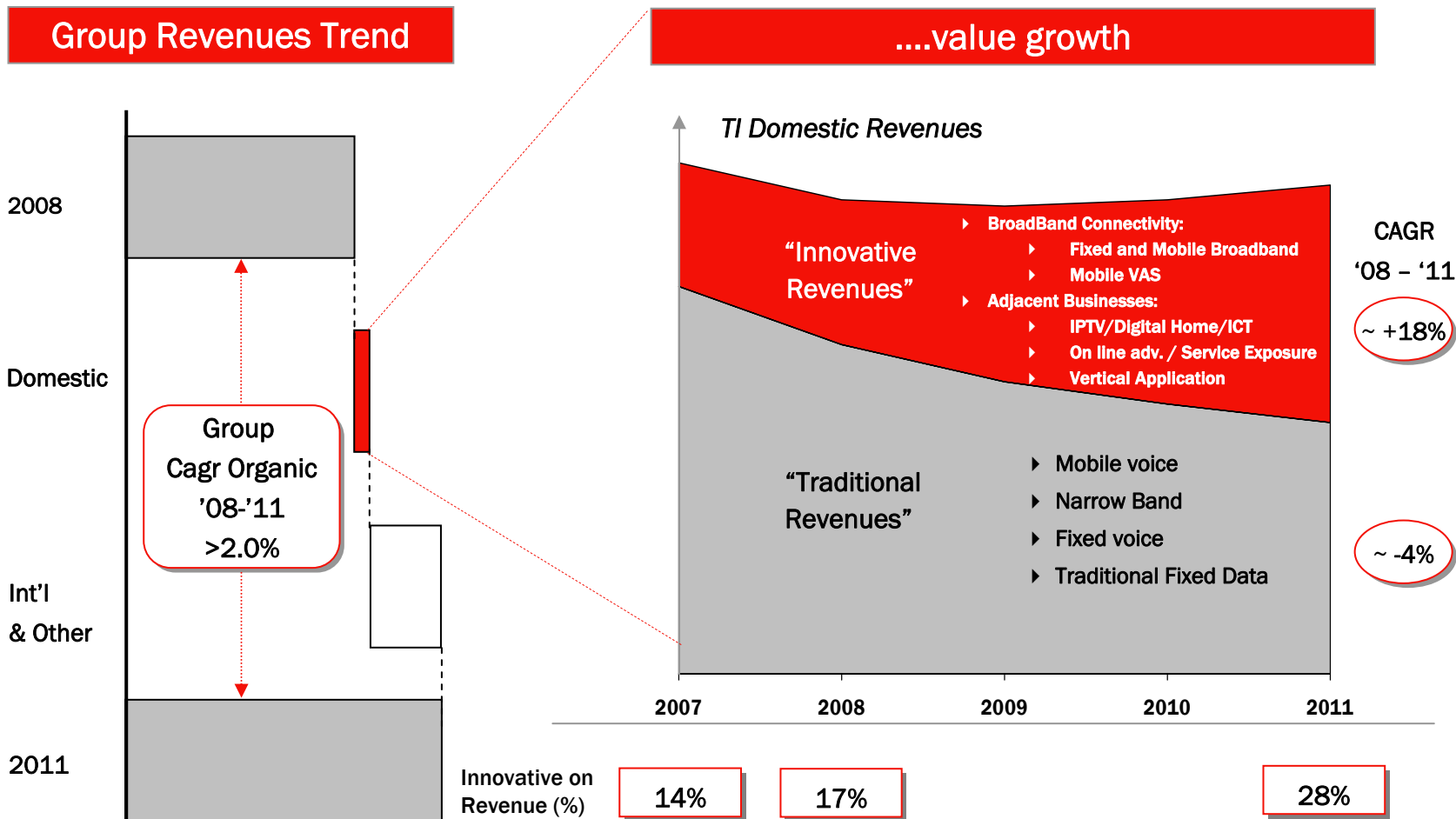


Operating Free Cash Flow is our priority

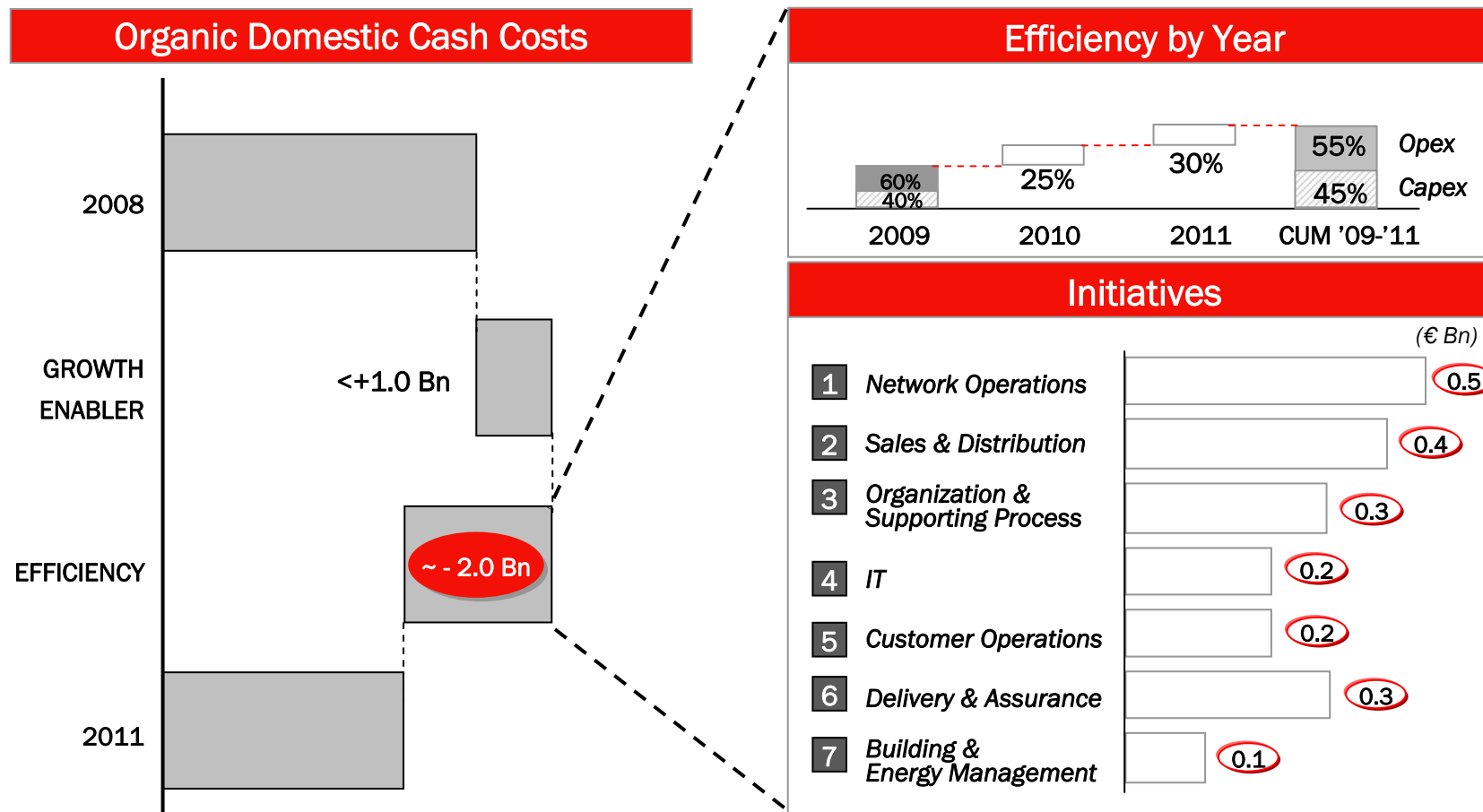


* OPFCF on Revenues based on Group Reported Data

Reverse Revenue Trends

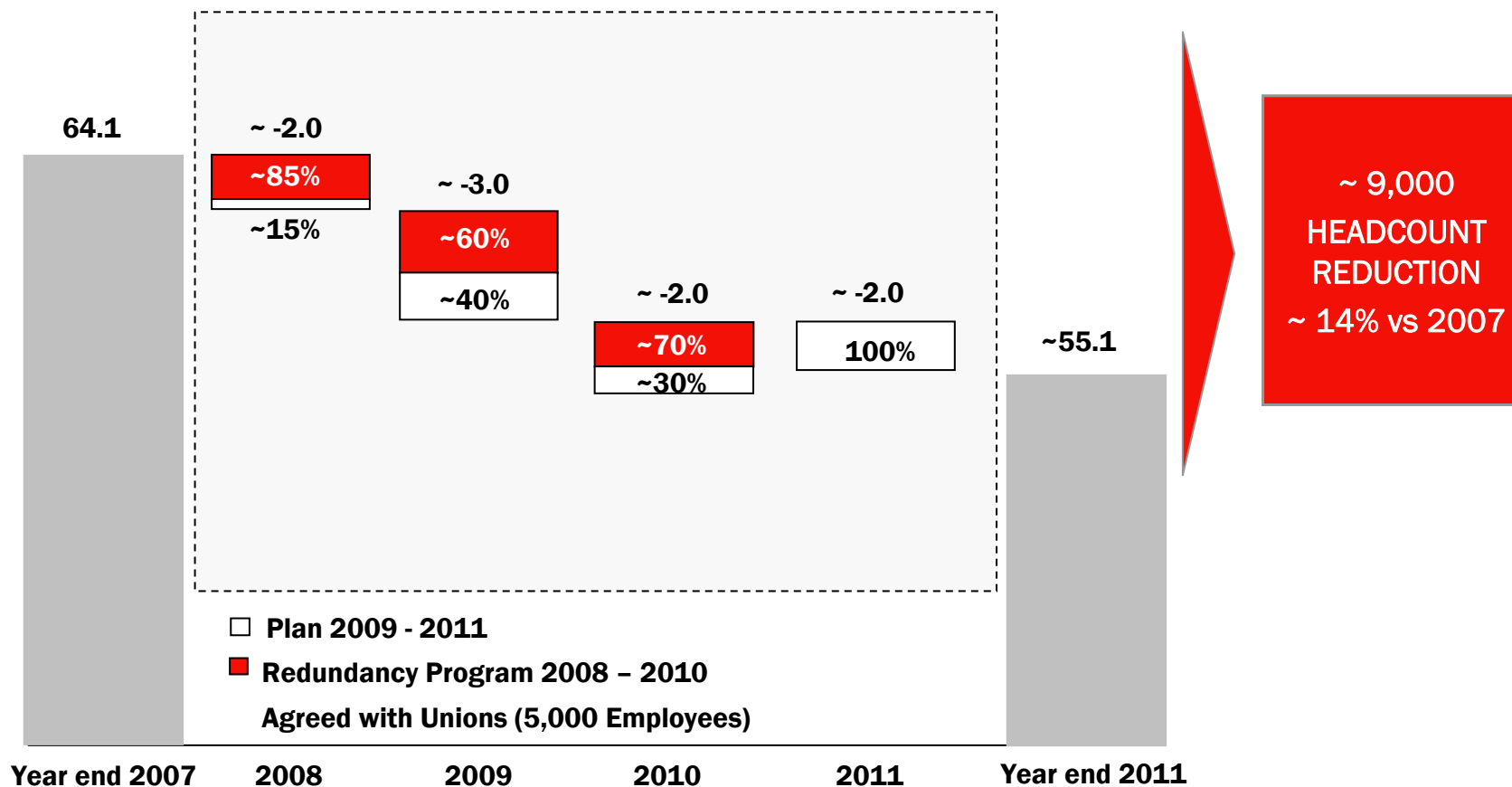


Domestic Cash Cost Efficiency Plan



Domestic Headcount Reduction

Headcount ('000)



Enhanced Regulatory Dialogue

Strategic Objectives	Achievements '08	Key Targets '09-'11
<p>Protect existing access infrastructure value</p>	<ul style="list-style-type: none"> • TI undertakings draft proposal on key access markets (Oct. 29th) • 2009 LLU monthly rental fee increase: reference Offer to AGCOM (Oct. 23th) • 2009 PSTN monthly rental fee increase: (+1,26 €/month) request to AGCOM (Oct. 30th) 	<ul style="list-style-type: none"> • Reach monthly rental fee in line with EU average (costing criteria, inflation recovery) • Preserve retail minus pricing on naked bitstream differentiated by customer typology (C/B)
<p>Create a clear and stable contest for new infrastructure deployment</p>	<ul style="list-style-type: none"> • Bill for public funding to support BB development (800 mln€ + 200 mln€ '07-'13) • Bill for simplification of authorization process and sharing of public infrastructures for NGN deployment 	<ul style="list-style-type: none"> • Avoid “significant” access obligations on NGN deployment in competitive geographic areas • Introduce forward looking pricing criteria to balance NGN investment incentivitation and allowing risk sharing
<p>Obtain more market simmetry conditions for TI</p>	<ul style="list-style-type: none"> • “Glide path” for mobile and fixed termination tariffs • Improved capability to deal with the requests for customers migration • New data protection and privacy regulation (ie: commercial databases) 	<ul style="list-style-type: none"> • Achieve symmetry with fixed OLO's termination rates • Review retail price replicability: Price tests rules and obligations

Non-Core Asset Disposals

Review of Assets Portfolio

Strategic Criteria

- ▶ Consolidation / growth opportunities
- ▶ Market attractiveness / Competitive scenario

Financial Criteria

- ▶ Prioritisation of usage of Telecom Italia cash flow

- ▶ Domestic and Brazil are core strategic markets
- ▶ Assets not meeting the above criteria will be considered for disposal
 - ▶ European Broadband
 - ▶ TI Sparkle
 - ▶ Cuba
- ▶ Recently completed the sale of Alice France for an Enterprise Value of € 0.8 bn

Agenda

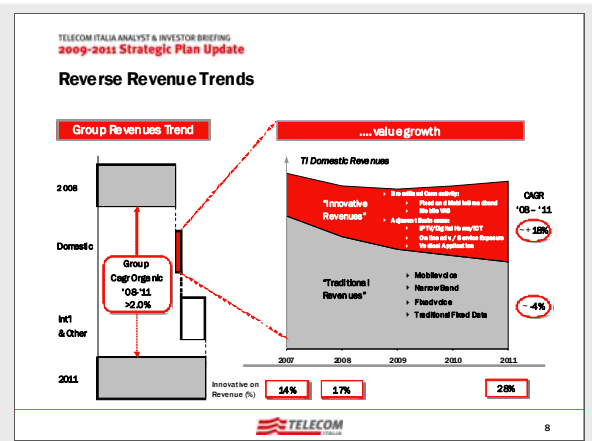
- ▶ **Key Messages**

- ▶ **Focus on Core Markets**
 - ▶ **Domestic Highlights**
 - ▶ **TIM Brasil Highlights**

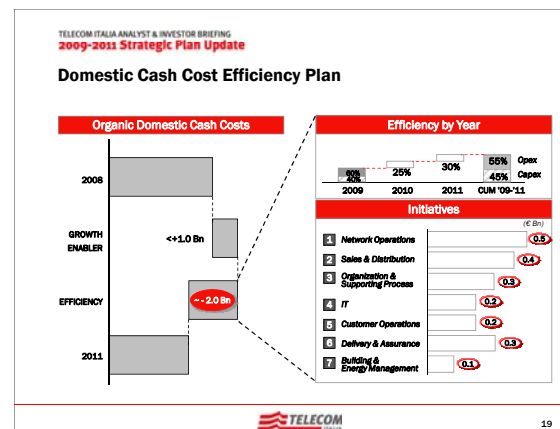
- ▶ **Targets**

Domestic Highlights

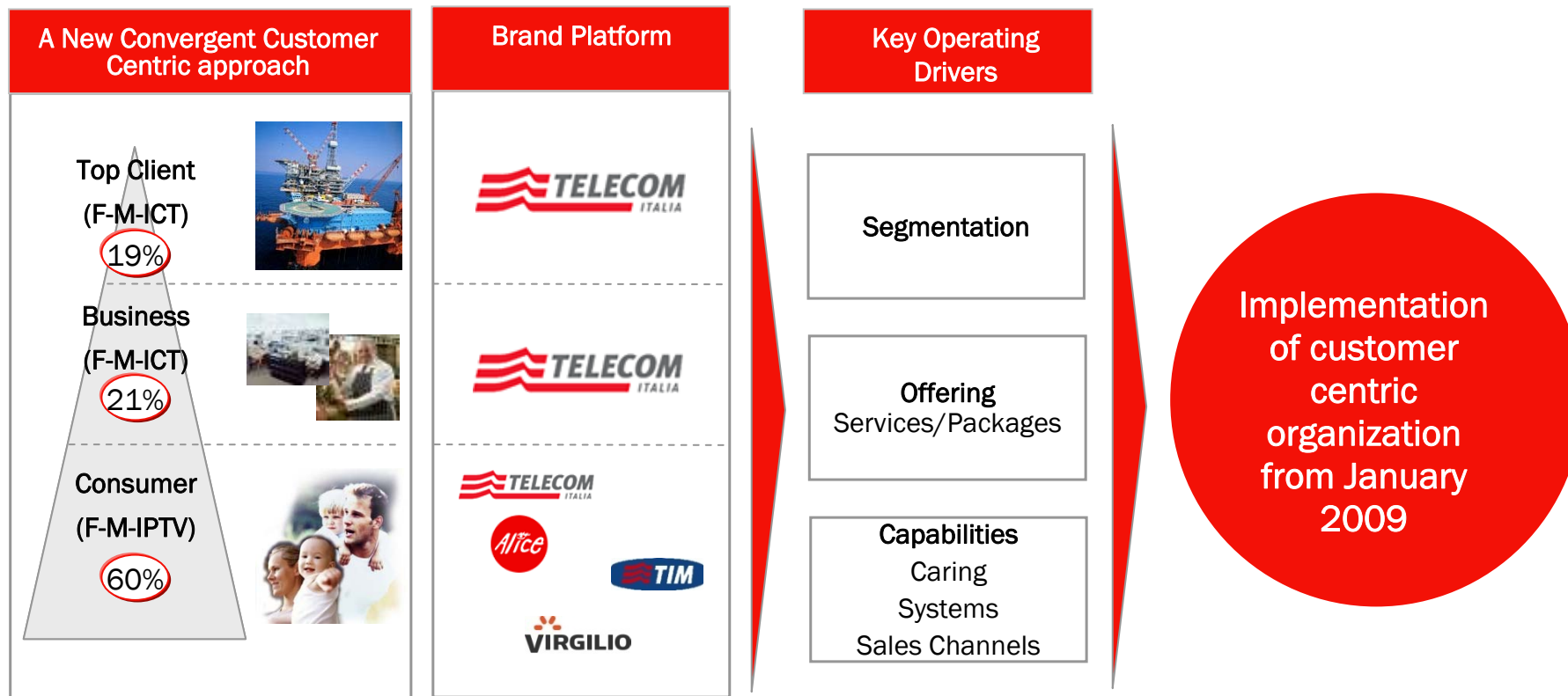
Rebalanced Revenue Mix Enhancing Domestic Growth



Reduce Domestic Cash Costs



Customer Centric Approach



○ Breakdown of 2008 Domestic Retail Revenues

Reverse Revenue Trend on Domestic Market

Objectives	Actions	KPIs														
1 Increase the Loyalty of Our Customer Base	<ul style="list-style-type: none"> ▶ Improve customer retention activities to reduce churn on both PSTN/BB (QoS, caring) ▶ Migrate customers towards IP solutions 	TI line losses per year (MM) <table border="1"> <tr> <th>Year</th> <th>TI line losses per year (MM)</th> </tr> <tr> <td>2008E</td> <td>~ -1.9</td> </tr> <tr> <td>2009</td> <td>-1.5</td> </tr> <tr> <td>2011</td> <td>-0.7</td> </tr> </table>	Year	TI line losses per year (MM)	2008E	~ -1.9	2009	-1.5	2011	-0.7						
Year	TI line losses per year (MM)															
2008E	~ -1.9															
2009	-1.5															
2011	-0.7															
2 Promote Fixed Broadband Penetration in Italy	<ul style="list-style-type: none"> ▶ Leverage on growing PC/ "Networked" Device penetration ▶ Innovative offer for "low penetrated" consumers, SME and microbusiness segments ▶ Increase "Premium" and Fiber customer base 	TI Fixed BB Access (MM) <table border="1"> <tr> <th>Year</th> <th>TI Fixed BB Access (MM)</th> </tr> <tr> <td>2008E</td> <td>6.7</td> </tr> <tr> <td>2009</td> <td>7.2</td> </tr> <tr> <td>2011</td> <td>8.2</td> </tr> </table> Fixed BB consumer ARPU (€ / month) ⁽¹⁾ <table border="1"> <tr> <th>Year</th> <th>Fixed BB consumer ARPU (€ / month)</th> </tr> <tr> <td>2008E</td> <td>12.7</td> </tr> <tr> <td>2011</td> <td>16.3</td> </tr> </table> <p>ARPU '08 +6.5% vs '07</p>	Year	TI Fixed BB Access (MM)	2008E	6.7	2009	7.2	2011	8.2	Year	Fixed BB consumer ARPU (€ / month)	2008E	12.7	2011	16.3
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Year	Fixed BB consumer ARPU (€ / month)															
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3 Foster the Growth of Mobile BB and Interactive Services	<ul style="list-style-type: none"> ▶ Flat offerings managing Mobile BB Premium price ▶ "Pure" Mobile BB promotions in Digital Divide Areas ▶ Strengthen interactive services development through offering enrichment 	Interactive VAS Rev / Service Rev ⁽²⁾ <table border="1"> <tr> <th>Year</th> <th>Interactive VAS Rev / Service Rev</th> </tr> <tr> <td>2008E</td> <td>13%</td> </tr> <tr> <td>2011</td> <td>21%</td> </tr> </table>	Year	Interactive VAS Rev / Service Rev	2008E	13%	2011	21%								
Year	Interactive VAS Rev / Service Rev															
2008E	13%															
2011	21%															
4 Promote Strong Convergent BB Demand	<ul style="list-style-type: none"> ▶ Develop new innovative convergent offerings <ul style="list-style-type: none"> ▶ Seamless experience for premium consumer customers ▶ Bundle for business customers (cross selling) 	Potential Convergent BB TI customers (mln households) <table border="1"> <tr> <th>Year</th> <th>Potential Convergent BB TI customers (mln households)</th> </tr> <tr> <td>2008E</td> <td>0.6</td> </tr> <tr> <td>2011</td> <td>2.2</td> </tr> </table> <p>08-11 CAGR ~54%</p>	Year	Potential Convergent BB TI customers (mln households)	2008E	0.6	2011	2.2								
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(1) Includes Entry Level customers (avg ARPU 5.4€/month). Voice IPTV & Content excluded

(2) Mobile Advertising Revenues included, messaging excluded

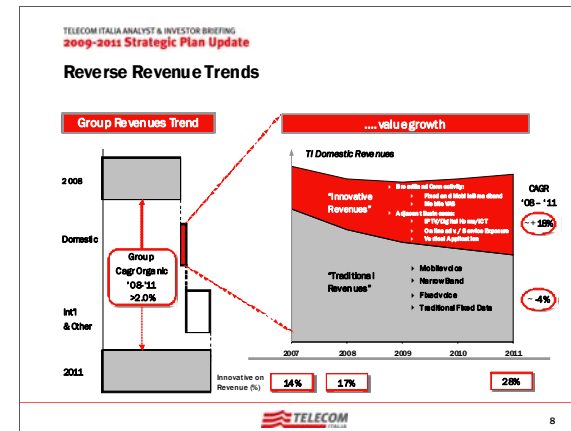
Rebalanced Revenue Mix Enhancing Domestic Growth

Objectives	Actions	KPIs												
5 Maintain Leadership on Value in Mobile	<ul style="list-style-type: none"> ▶ Continuous evolution of segmented approach on consumer segment ▶ Strengthen positioning on business consumers through integrated convergent solutions ▶ Personal communication services enrichment <ul style="list-style-type: none"> ▶ Instant messaging, web services, interoperability and multi-device access 	TIM ARPU (€/month) ARPU Oct'08 month >21 <table border="1"> <tr> <th>Year</th> <th>VAS</th> <th>Voice</th> <th>Total</th> </tr> <tr> <td>2008E</td> <td>5.1</td> <td>15</td> <td>20.1</td> </tr> <tr> <td>2011</td> <td>7.2</td> <td>14.8</td> <td>22.0</td> </tr> </table>	Year	VAS	Voice	Total	2008E	5.1	15	20.1	2011	7.2	14.8	22.0
Year	VAS	Voice	Total											
2008E	5.1	15	20.1											
2011	7.2	14.8	22.0											
6 Promote IPTV Penetration	<ul style="list-style-type: none"> ▶ Enhance customer experience ▶ Offering enhancement and segmentation ▶ Overall platform potential exploitation 	TI IPTV Customers (MM) <table border="1"> <tr> <th>Year</th> <th>Customers (MM)</th> </tr> <tr> <td>2008E</td> <td>0.3</td> </tr> <tr> <td>2011</td> <td>1.5</td> </tr> </table>	Year	Customers (MM)	2008E	0.3	2011	1.5						
Year	Customers (MM)													
2008E	0.3													
2011	1.5													
7 Strengthen Positioning with Business Clients	<ul style="list-style-type: none"> ▶ Partnership with leading system integrators ▶ Strong growth of value added infrastructure services ▶ New off-the-shelf offering for SME ▶ Selective acquisitions 	ICT Revenues (€ Bn) <table border="1"> <tr> <th>Year</th> <th>Sales</th> <th>Serv.</th> <th>Total</th> </tr> <tr> <td>2008E</td> <td>0.1</td> <td>0.6</td> <td>0.7</td> </tr> <tr> <td>2011</td> <td>0.2</td> <td>1.2</td> <td>1.4</td> </tr> </table>	Year	Sales	Serv.	Total	2008E	0.1	0.6	0.7	2011	0.2	1.2	1.4
Year	Sales	Serv.	Total											
2008E	0.1	0.6	0.7											
2011	0.2	1.2	1.4											
8 Develop and Monetize TI's Online Multiplatform Audience	<ul style="list-style-type: none"> ▶ Local advertising offer development ▶ Development of a multi-channel integrated Adv Platform ▶ Innovative network profiling and behavioral targeting solutions development 	Online Advertising Revenues ⁽¹⁾ (€ MM) <table border="1"> <tr> <th>Year</th> <th>Revenues (€ MM)</th> </tr> <tr> <td>2008E</td> <td>~130</td> </tr> <tr> <td>2011</td> <td>~250</td> </tr> </table>	Year	Revenues (€ MM)	2008E	~130	2011	~250						
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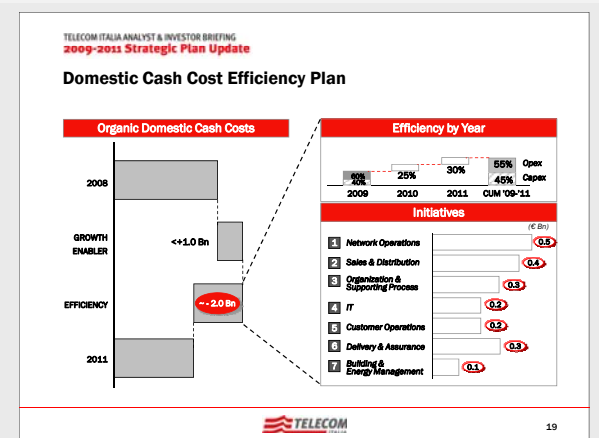
(1) Includes web services and intercompany ads revenues

Domestic Highlights

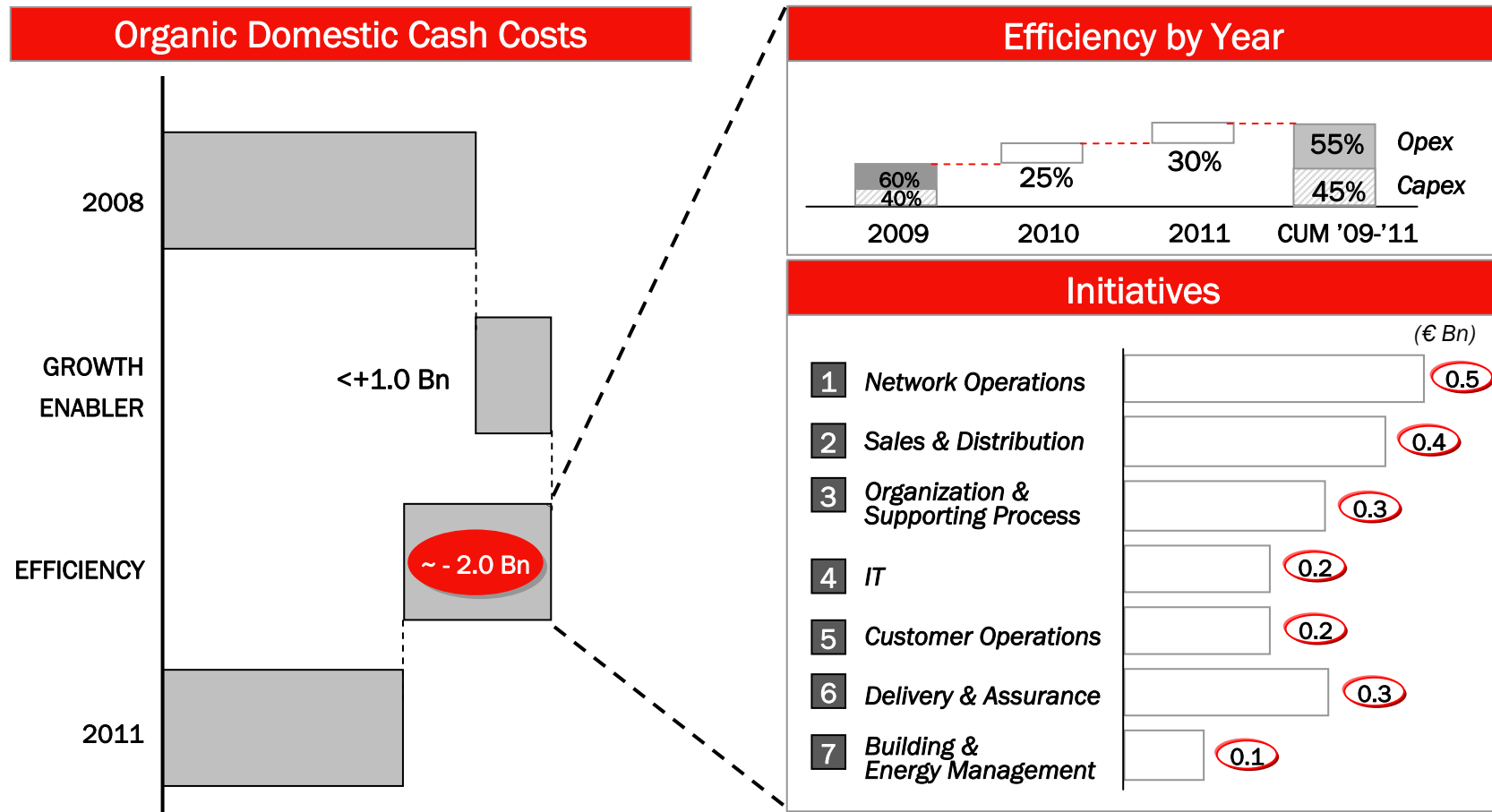
Rebalanced Revenue Mix Enhancing Domestic Growth



Reduce Domestic Cash Costs





Domestic Cash Cost Efficiency Plan



1 Network Operations

Objectives	Actions	KPIs
<p>Reduce non-core infrastructure costs through co-operation with other players</p> <p>Exploit potential of outsourcing opportunities</p>	<ul style="list-style-type: none"> ▶ TIM – Vodafone site sharing program full deployment: <ul style="list-style-type: none"> ▶ macro-sites for old-SRB migration ▶ new sites deployment ▶ TI Fiber Backhauling Sharing ▶ Evaluation of potential extension towards Network Sharing (single/multiple PLMN) also with other MNOs ▶ Contract Optimization 	<p>TI Sites Shared in '11 (%)</p> <p style="text-align: center;">23%</p> <p>'08-'11 Savings (€ Bn)</p> <p style="text-align: center;">-0.5</p> <p>'08-'11 FTE Reduction (#)</p> <p style="text-align: center;">100</p>

2 Sales and Distribution: Consumer and Business

Objectives	Actions	KPIs
 New integrated F-M go-to market based on geographical focus Rationalize push and low-end productivity channels	<ul style="list-style-type: none"> ▶ Lean Customer centric organization ▶ New “geographical” Go to Market 	‘08-’11 Consumer Partner Rationalization ‘08-’11 Opex Savings* (€ Bn) -0.4 ‘08-’11 FTE Reduction** (#) 500
 New approach on state of the art processes and integrated F-M offering Rationalization of Business Partners	<ul style="list-style-type: none"> ▶ F-M Integration: sales channels and offering portfolio ▶ Lean Customer Centric organization ▶ New Go To Market Model (“local focus”) <ul style="list-style-type: none"> ▶ Rationalization of Business Partners ▶ Increase of exclusive channels 	‘08-’11 Business Partner Rationalization

*Including labour cost saving from efficiency program ** FTE related to efficiency Program

3 Organization Simplification and Rightsizing



Objectives	Actions	KPIs
<ul style="list-style-type: none"> ▶ Organization Rightsizing ▶ Align Staff functions to Best Practice of mature industries 	<ul style="list-style-type: none"> ▶ Organization Rightsizing ▶ Staff functions restructuring through: <ul style="list-style-type: none"> ▶ “shared services” activities centralization and rationalization ▶ streamlining of “address and control” activities ▶ G&A costs strong reduction ▶ Review of HR variable compensation policies 	<p>Managerial roles reduction (vs. 2007) -50%</p> <p>'08-'11 Opex Savings (€ Bn) -0.3</p> <p>'08-'11 FTE Reduction *(#) 700</p>

* FTE related to efficiency Program

4 Information Technology

Objectives	Actions	Targets
<p>Align share of IT cash costs on industry Best Practice</p> <p>Simplify platforms to improve flexibility and increase reliability</p>	<ul style="list-style-type: none"> ▶ Implement One Single Integrated Software Factory ▶ Rationalization of Application Platform based on: <ul style="list-style-type: none"> ▶ Customer centric E2E process re-engineering ▶ Decommissioning of services with marginal revenues and/or profitability ▶ New sourcing model (i.e.: off-shoring) leading to cost efficiency, flexibility and focus on internal core competences ▶ Virtualization of IT infrastructure (Next Generation Data Centers and Next Generation Work Place) 	<p>'08-'11 Cash Cost Savings (€ Bn) -0.2</p> <p>'08-'11 FTE Reduction (#) -100</p> <p>'08-'11 Data Center Ratios 3:1</p> <p>'08-'11 Server Ratio 6:1</p>

5 Customer Care: Consumer and Business

Objectives	Actions	KPIs
 <p>Improve efficiency & effectiveness through a new E2E integrated & multi-channel approach</p> <p>Increase operating efficiency through a balanced make vs buy mix</p> <p>F-M integration</p>	<ul style="list-style-type: none"> ▶ Enhance multi-channel “contact” model ▶ F-M integration (119 vs. 187) ▶ E2E process reengineering ▶ Off-shoring for “low value” activities ▶ Geographical Centers restructuring 	<p>‘08-’11 Opex Savings* (€ Bn)</p> <p style="text-align: center;">-0.2</p>
 <p>Reach excellence through a new E2E integrated & multi-channel approach</p> <p>Increase operating efficiency leveraging on F-M integration</p>	<ul style="list-style-type: none"> ▶ F-M Operations optimization: <ul style="list-style-type: none"> ▶ TeleContact Center Rightsizing ▶ New CRM systems ▶ F-M processes integration and cross-fertilization: <ul style="list-style-type: none"> ▶ Not-human channels increase ▶ Certified electronic billing ▶ Credit management integration ▶ Reduction of geographical areas (from 8 to 4) 	<p>‘08-’11 FTE Reduction **(#)</p> <p style="text-align: center;">2,150 (***)</p>

* Including labour cost saving from efficiency program ** FTE related to efficiency Program *** Include MKT Support & DA

6 Delivery & Assurance

Objectives	Actions	KPIs
<p>Lean Operations & Productivity Improvement</p>	<ul style="list-style-type: none"> ▶ Internal Manpower Productivity Improvement ▶ “Ready Line” Installation Project optimization ▶ Fault-rate reduction due to maintenance and quality improvement of access network ▶ Project Reload: Re-engineering of supply chain processes and External Manpower renegotiation 	<p>‘08-’11 Saving (€ bn)</p> <p style="text-align: center;">-0.3</p> <p>‘08-’11 FTE Reduction *(#)</p> <p style="text-align: center;">800</p>

* FTE related to efficiency Program

7 Buildings & Energy Management

Objectives	Actions	KPIs
Rationalize Industrial and Office Spaces	<ul style="list-style-type: none"> ▶ “Hybrid buildings” rationalization: compact space in Central Offices and use cleared space to reallocate employees or for rent to third parties ▶ Buildings maintenance costs efficiency thanks to space rationalization and suppliers optimization and renegotiation 	<p>'08-'11 Savings (€ MM)</p> <p>-0.1</p>
Optimize energy & cooling consumption	<ul style="list-style-type: none"> ▶ Minimize energy consumption: <ul style="list-style-type: none"> ▶ elimination of “high consumption” obsolete equipment ▶ innovative & “green” technologies introduction (i.e. cogeneration....) ▶ new energy sources (i.e. natural gas,...) 	<p>'08-'11 Cleared buildings (#)</p> <p>-20 (-247,000 mq²)</p> <p>'08-'11 Energy Savings</p> <p>-12.6% (-280 GWh)</p> <p>'08-'11 “Green” energy incidence (Δpp)</p> <p>+5 pp</p>

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TIM Brasil 2008 Turnaround Actions

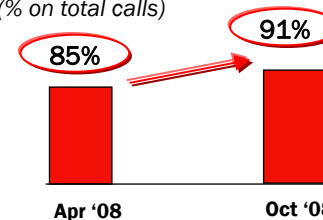
Actions by TIM

1. Improving caring processes on Heavy Users
2. Innovation Enhancement through a Convergent Offer
3. Bad Debt Recovery
4. Tariffs rebalancing
5. Roll out capacity acceleration to support strong traffic growth
6. Focus on internal processes and strict cost control

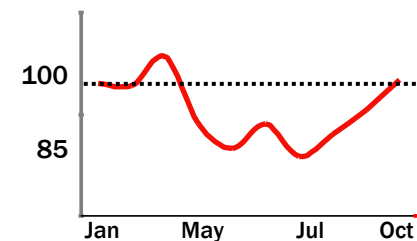
First Positive Results

First Call Resolution on Value Post Paid Customers

(% on total calls)

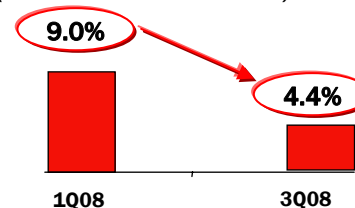


Trend Outgoing price per minute (Jan = 100)



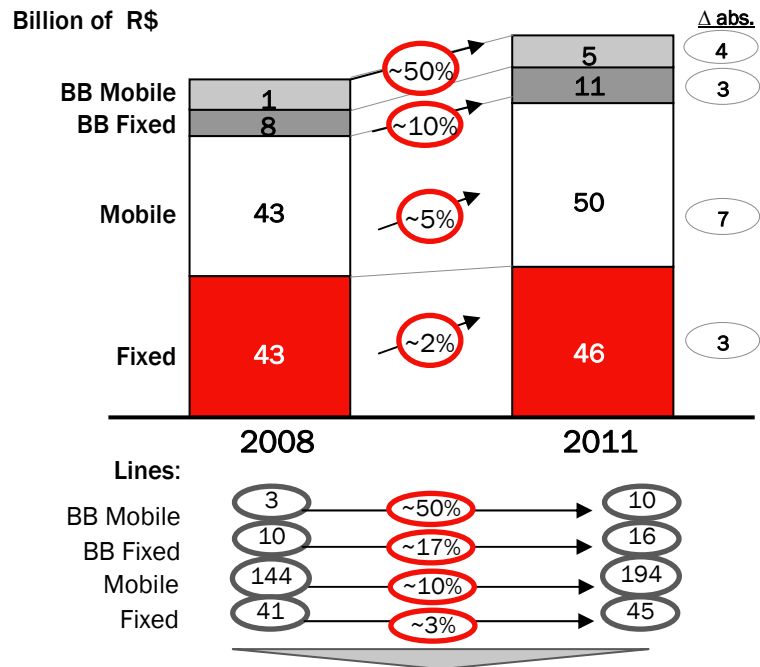
Bad Debt

(% on Net Service Revenues)



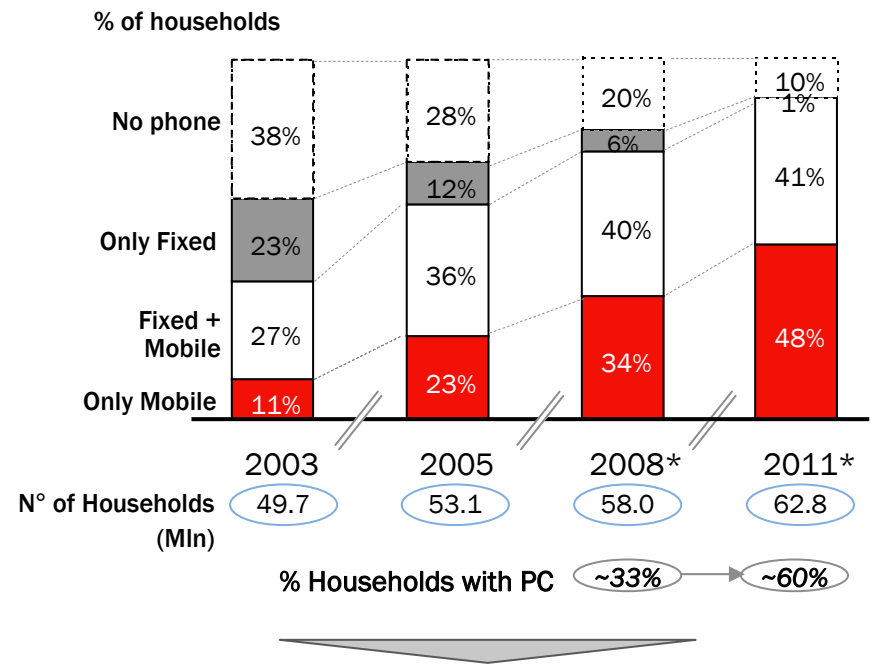
TIM Brasil – TLC Market overview

MOBILE AND BROADBAND ARE THE DRIVERS OF MARKET GROWTH



- ▶ Strong growth driven by Mobile BB
- ▶ Diffusion of service (~100% penetration in 2011)
- ▶ Fixed market growth due to increase of competition

MOBILE TECHNOLOGY IS THE MOST COMMON COMMUNICATION ENABLER IN BRAZILIAN HOUSEHOLDS

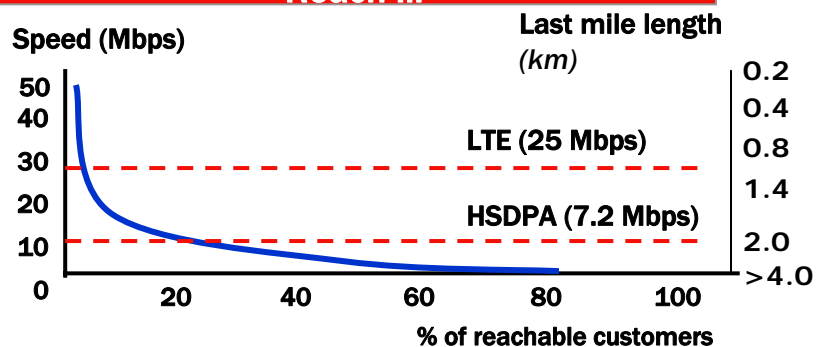


- ▶ Mobile technology is dominant (in 2011 90% of households) and will trigger F-M substitution
- ▶ Penetration of PCs doubles in 4 years (2007-2011)
- ▶ Favourable regulatory context

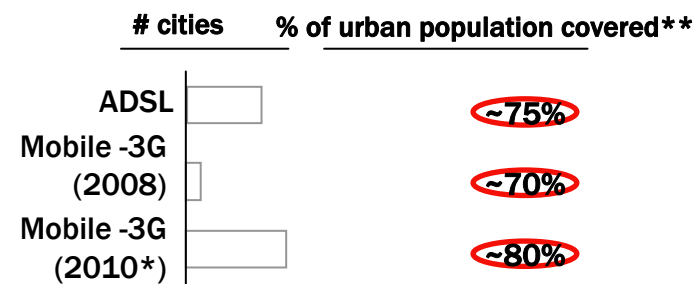
*Source: internal estimates; IBGE - Pesquisa Nacional por Amostra de Domicílios (2003 - 2007)

TIM Brasil: Mobile Broadband is a Winning Technology in Brasil

Superior Technology For Wider Coverage Reach ...



... Allowing for Faster Time-to-market



Strategy

Push for mobile BB Growth

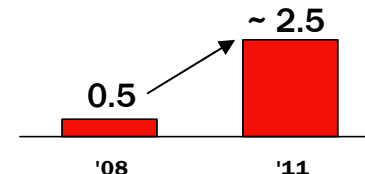
Actions

- ▶ Flexible/simple tariff plans ("no-frills")
- ▶ Smartphone and 3G devices - new WiFi terminals
- ▶ Lower PC entry level
- ▶ New specialized kits for mass market distribution
- ▶ Development of IM, Social Networking, mobile advertising

Key Objectives

BB Users (mln)

30% Contribution to Growth on Service Revenue

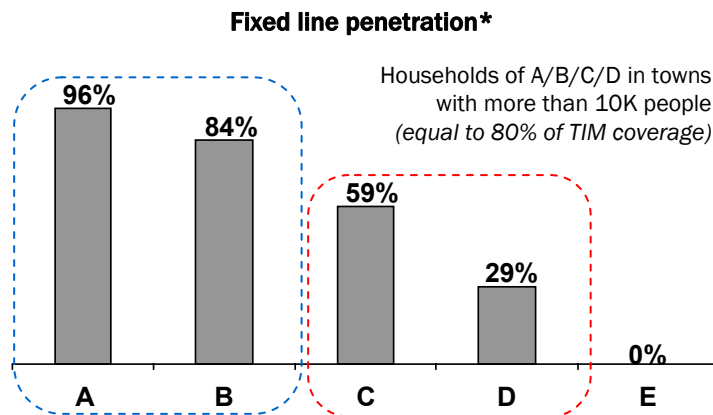


* Regulatory minimum coverage Source Teleco

** Internal estimates based on ANATEL public figures and analysts projections

TIM Brasil: Drive Fixed - Mobile Convergence Leveraging on Pure Mobile Position

Untapped market of C and D Classes and Number Portability for A and B



▶ >30% of existing fixed customers* have shown willingness to change fixed line provider

Considering cities with >10K people, opportunities are:

- ▶ ~8 mln households with fixed connection (A and B classes)
- ▶ ~17MM households with no fixed line connection (C and D classes)

▶ More than R\$40 Bn of revenues to exploit

Strategy	Actions	Key Objectives						
<p>Homezoning offer through TIM Fixo</p>	<ul style="list-style-type: none"> ▶ Innovative Offerings <ul style="list-style-type: none"> ▶ Best value for price (eg. VAS Included) ▶ New packages for Heavy Users ▶ Packaging TIM Fixo + Mobile BB ▶ Distribution: <ul style="list-style-type: none"> ▶ Telesales, kiosks and door to door approach 	<p>TIM Fixo Customers (mln)</p> <p>7% Market Share</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Customers (mln)</th> </tr> </thead> <tbody> <tr> <td>'08</td> <td>0.1</td> </tr> <tr> <td>'11</td> <td>> 3.0</td> </tr> </tbody> </table>	Year	Customers (mln)	'08	0.1	'11	> 3.0
Year	Customers (mln)							
'08	0.1							
'11	> 3.0							

*Source: IBOPE e SD&W

TIM Brasil Strategy – Top Line

	Actions	2011 Key Objectives
Improve Quality of Service	<ul style="list-style-type: none"> ▶ 2009 main tasks: improve quality of caring... <ul style="list-style-type: none"> ▶ Increase effort on customer care for Heavy Users ▶ Massive focus on post paid churn reduction ▶ ...and network coverage & performance <ul style="list-style-type: none"> ▶ 3G: ambitious network roll-out plan wiith focus on cities with highest HU concentration ▶ 2G: back to industry benchmark for network quality 	<ul style="list-style-type: none"> ▶ Market share: <div style="border: 1px solid red; padding: 5px; text-align: center;"> About 24% focus on Value Customers </div> ▶ Defend revenue share: <div style="border: 1px solid red; padding: 5px; text-align: center;"> #2 in Revenue share </div>
Return to leadership in innovation	<ul style="list-style-type: none"> ▶ Focus on partnership with other operators of the new TMT chain (content & 4-Play) ▶ Reinforce TIM cutting edge positioning on data offers for consumer & business segment: <ul style="list-style-type: none"> ▶ starting I-phone sales pre-Christmas Campaign ▶ further improve market leadership on SmartPhone segment (i.e. 50% market share on Blackberry) 	<ul style="list-style-type: none"> ▶ Recovering brand awareness <div style="border: 1px solid red; padding: 5px; text-align: center;"> Leadership in Brand awareness </div>
Concentrate on “Customer Centric” Approach	<ul style="list-style-type: none"> ▶ Invest in Customer Insight and CRM capabilities ▶ Selective approach by segment and geography ▶ Improve customer life-cycle management 	<ul style="list-style-type: none"> ▶ Revenues growth <div style="border: 1px solid red; padding: 5px; text-align: center;"> ~8.0% (CAGR 08-11) </div>

TIM Brasil Strategy - Efficiency

Actions	Financial objective
<ul style="list-style-type: none">▶ Commercial Efficiency<ul style="list-style-type: none">▶ New commissioning model increasingly oriented on acquisition quality and value, leading to higher efficiency of customer investments.▶ Subsidy strategy increasingly focused on high user segment▶ Bad debt reduction to industry benchmark leveraging on new control rules/ stricter credit analysis ▶ Structural Efficiency<ul style="list-style-type: none">▶ Optimize transport network infrastructure (partnerships vs. make or buy)▶ Maximum exploitation of IT platforms synergies with Telecom Italia▶ Tight G&A cost control▶ Harvest Human Resources efficiency	<ul style="list-style-type: none">▶ Commercial cash cost as % of serv. revs. <div style="border: 1px solid red; padding: 5px; text-align: center;">>2pp reduction in 2011 from 2008 level</div> ▶ Bad debt as % of service revs. <div style="border: 1px solid red; padding: 5px; text-align: center;">From ~6% in 2008 to ~4% in 2011</div> ▶ Industrial (Network and IT) costs per customer per year <div style="border: 1px solid red; padding: 5px; text-align: center;">Slightly decrease</div> ▶ G&A & labour cost as % of serv. revs. <div style="border: 1px solid red; padding: 5px; text-align: center;">~1pp reduction in 2011 from 2008 level</div>

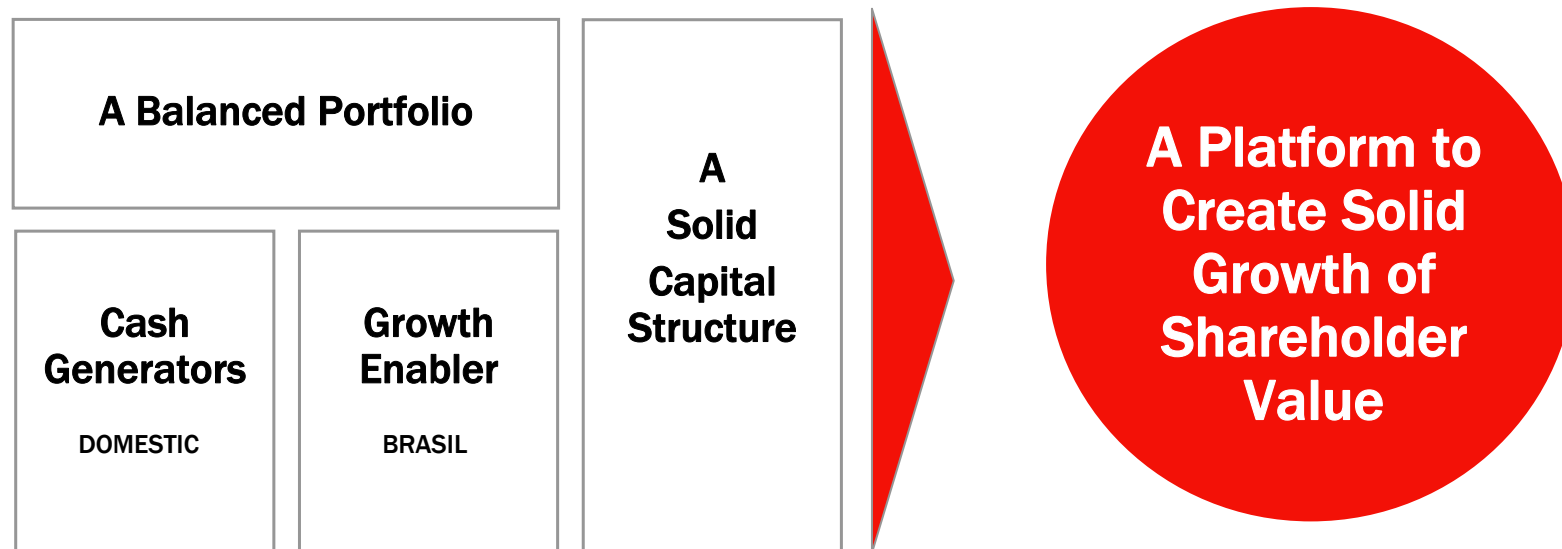
Agenda

- ▶ **Key Messages**

- ▶ **Focus on Core Markets**
 - ▶ **Domestic Highlights**
 - ▶ **TIM Brasil Highlights**

- ▶ **Targets**

Telecom Italia Group in 2011



TI Group 2008 estimates and 2009-2011 targets

Organic Data*	Target		
	2008 E	2009	Plan
Revenues	bn € 30.4-30.5	bn € Stable	CAGR 2008-2011 >2%
EBITDA	% on revenues ~38.0%	bn € Stable	% on revenues 2011 >39%
CAPEX	bn € ~5.4	bn € ~4.8	% on revenues 2011 ~13.0%-13.5%
Net Financial Position	NFP/EBITDA reported <3.0X	NFP/ EBITDA reported ~ 2.9X	NFP/EBITDA rep. 2011 ~ 2.3X

* Assuming perimeter as December 2008, 2008 exchange rates and excluding non organic items impact

TI Domestic 2008 estimates and 2009-2011 targets

Organic Data*	2008 E	Target	
		2009	Plan
Revenues	bn € >23	bn € 22.7- 22.8	CAGR 2008-2011 0.2%
EBITDA	% on revenues ~44%	bn € 9.9 - 10	% on revenues 2011 ~46%
CAPEX	bn € 3.5	bn € ~3.3	% on revenues 2011 13.0%-13.5%

Cash Cost	% on revenues 2011 ~67% - 68%
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* Assuming perimeter as December 2008, 2008 exchange rates and excluding non organic items impact

TIM Brasil 2008 estimates and 2009-2011 targets

Local Currency - Organic	2008 E	Target	
		2009	Plan
Revenues	>7%	bn Reais ~ 15.3	CAGR 2008-2011 ~ 8%
EBITDA	% on revenues 23 - 23.5%	bn Reais ~ 3.6	% on revenues 2011 ~ 27.5%
CAPEX	bn Reais ~3.7 (~ 1.5 € bn)	bn Reais ~2.8	% on revenues 2011 ~ 13.5%

* Assuming perimeter as December 2008 and excluding non organic items impact