Tim Boddy: Okay. Good morning, everyone. My name is Tim Boddy. I'm the head of the telecom team in Europe for Goldman. It's an enormous pleasure to welcome back to Communicopia, Vittorio Colao, the Chief Executive of Vodafone, to kick us off on this second day together. Vittorio, you're going to start, I think, by sharing some thoughts with us on the industry and on Vodafone and then we'll go into Q&A?

Vittorio Colao: Yes. Good morning, everybody. Don't worry. I don't have a long and boring presentation. But I really want to use ten, possibly 12 minutes to talk about the topic that I think is the most important topic for investors and for us in the future which is the topic of profitability of the account. Not so much I would say whether we believe or not that there is a future for mobile data and whether we believe or not that there is a mobile data case. I think we're all pretty convinced about this. Of course the question and my objective is to transfer to you my enthusiasm and my pretty strong certainty, but at times I ask, "Is it going to be profitable? Is it going to be a value creating thing for investors?" I want to transfer to you why we are optimistic about this and we think this is actually a great opportunity front to back.

I will go very quickly through some slides. First thing, I think everybody knows, GBP140, GBP130, GBP150 billion of growth in our industry worldwide. The most important thing is this. Of this, the largest part or most of the totality, this is actual data, fixed and mobile, 140 mobile data, 50 fixed data. A little bit of growth in voice still. Mostly emerging market. This is really penetration more than anything else. And then declining fixed voice. The big thing is this here, a couple of hundred billion more or less in the next five years of growth in data. The majority of which will be in mobile. I don't need to go through anecdotes and examples. I think we see it in our everyday lives. I will not comment on how much our lives have changed.

The important point that I want to raise today is it's not just our lives. It's obvious that my life and your life has changed with mobile data. Here I'm talking about normal people's lives. I'm not pretending that we are not normal, but clearly we are not representative of the wider population. Here I'm talking about a different way of living that is actually spreading very constantly in the world and spreading in all segments of the population which is a very important point. What do we see in Vodafone? This is actual data from June, I think. Yes, June. We're seeing something very important. There's not a single thing that is more useful or happening more in the hands of the customers. This is basically the Vodafone European customer database. Customers do a bit of everything. There's browsing. There's playing games. There's email which was kind of the first thing with Blackberries. They do a lot of social networking. They do a lot of map and navigation related applications. This is just the month of June.
This is not just a consumer thing. We talk a lot about consumers. There is one very interesting thing that my colleagues brought to my attention recently which is almost 30% on average but in some countries up to 50% of new corporate activations are smart phones and we are seeing now the reversal of an interesting phenomenon. Corporate and companies used to say, "You give me your offer and it's for a Nokia such and such and it's the same for the whole Company because I don't want to bother with complexity."

Now, corporates are saying, "You give me a catalogue. You let me chose between three or four smart phones and my employees will chose because I don't want to get into the discussion of whether I should give an iPhone or a Blackberry or give what to every employee." Why is that? Because this reflects a consumerization if you will of the behavior of professionals. And employees of companies. I think we've all--I mean, I see you. You have several devices here. I think we all use them basically for both our personal and our professional life. The same pattern which people maybe look at the PowerPoint presentation is actually used for watching videos and the same Blackberry which is used for email is also used for getting football scores or cricket or whatever. More likely football in this country. Whatever you like.

So, this is a phenomenon which is really very important because from an operative point of view, we have in front of us is a big, large, and varied set of applications and set of uses, user cases, literally to enable. The big thing, of course, is video and music which again we're seeing across all devices and all segments becoming more and more important. So, positive outlook now. This is now the right time to believe in this story. Again, I won't go through numbers that you know very well. I would say if you look back when we started investing in data--I remember 2006 and 2007 when in Vodafone we had data acceleration programs. It was early. We had possibly only one device, Blackberry de facto. We had speeds of two megabit per second and we had basically two applications--email and a bit of browsing and browsing was not such a great experience.

If you look at today, penetration has gone up. We have a huge variety of devices and many, many more are to come between the smart phone and PC there's a lot of things--tablets and a lot of things that are starting to come out now for Christmas. But most important we have projected upward where some companies are starting to make money which is good because the problem that we always had, we operators, I remember when I was talking passionately and with a lot of commitment about this is a great world of data and you have to put content and you have to put applications and then the reaction that I had in back in 2006-07 was, "Yes, but where's the money? Where's the beef?" We went to newspapers. You went, "You have to go on this new thing and it's going to be great." And they said, "How do I make money out of this?" Now they start seeing the money flowing. Again, we will at Vodafone communicate more and more about what we are seeing and how we are working but clearly you start seeing the content owner and op owners start becoming optimistic about the fact that this is becoming a real world. So, the moment I think is very good because now there's the speed in the networks, there's a variety of devices, but also there is a positive ecosystem for content and for services.

The question is what could be the penetration of these things? I'm always saying, I will keep repeating this because this is the most important thing. I remember when back in '97 I said 70% of people will use sms and I was told by the guy who was interviewing me, "You must be crazy. 70%? Come on. This is a kid thing. Below 18 year old plus the telecom executives." I remember saying, "Believe me. It's going to be 70%." Actually it took seven or eight years but it was 70% of active customers. So, what I say today is 70%
of the world will have data enabled personal device. 70% of the world. Why 70%? Because in the world there's a bit of illiterate people for whom writing is not easy.

When we go to emerging markets, the first thing they ask me is always about mobile data. When are you going to bring real fast speeds, widespread data to India? When I go to South Africa I see in very poor areas, I see people with very, very busy phones working with data applications. So, what is our goal? It should be 70%. In Europe we're at 35%. In Africa, Vodafone, this is a Vodafone number at 22% but we are in very advanced countries. Keep in mind it's only South Africa, Kenya, and Egypt. The rest of Africa is probably much lower and in India we're only at 5%. So, my mindset is I want to bring mobile data to 70% of the world population in the areas where Vodafone is. And of course I want to make money out of it and this is, I guess, the real point. So, we have been investing and for those of you who are concerned about the future of data growth, we are at already 25% growth. This is last quarter. We have 50 million out of 300 million plus using data, most of them using low level data. I do believe there is a very strong upsell and upsell potential.

Is this going to be profitable? Here are three things that are very important for me in order to give you confidence that there is a positive data profitability case. First, we need to have the right technology at an affordable cost. Second, we need to put the right devices in the hands of the right customers. So, we need to have segmentation. We cannot bring, clearly, an iPhone into rural India. There's something in between that is needed. Third, we need a future proof pricing model and we will discover them quickly. We are confident. I've received a lot of questions about technology. We are confident that if you take what we have taken which is a holistic approach to data from the technological point of view; this can be handled in a fairly financially sensible way. This is because we are working on capacity, adding carriers to the spectrum. We are, of course, working on speed, speed being upgrade in HSPA levels. We are now moving some 43 to the higher levels but there is LTE and we are already launching LTE in Germany and of course you have all the backhaul that you need to upgrade. But again this is something that is doable and is doable in increments which are proportionate to what you need.

Very important, billing and CRM. Billing for data at the customer level but also billing and enabled billing for application and content ownerships which at Vodafone we opened last year and in a single instance everybody can access our billing system in Europe, prepaid, postpaid, with a single contact. Traffic management, we're doing a lot of traffic management. People ask us how can--with the huge amount of data, the 100% increase that you had year over year, actually the network does not collapse and the answer is because we manage, because we shape the traffic, we give different levels of services to different applications and we see our customers in different segments and of course managing the cost side of the equation, sharing network, using very important Wi-Fi and femtocell to upload to the network so that an iPod really goes on 3G when it needs to go on 3G but otherwise stays on Wi-Fi and the result is the statistics that you see there. These are things that we've announced already but basically we added this constant 10%, busy hour, 90% utilization rate which means that the 10% is constant but not the same piece of network clearly. There are new things that get invested and old things that become utilized and we don't see for the foreseeable future any real concern. Of course, we don't see it because there is a lot of work around it.

The second element that I mentioned is very important plus the presentation I made publically. I said we have three targets. We want to go to 70% smart phone sales, 35% smart phone adoption and 50% data penetration. If anything, this was four or five months ago, if anything, I think we're being conservative in our estimates if anything because this
is happening quickly. An important question I always get is, "But is this going to be profitable?" Without giving you the numbers which I'm sure you would all love but I cannot give them, I'll give you a little bit of the logic of what we're doing. The logic is we had no smart phone customers, usage was low, acquisition and retention costs I would say are medium and we had a certain profitability. When these customers migrate to high tier smart phones they clearly go into much higher usage with a really high acquisition or retention cost. The revenues are higher. We have an increment of EUR7, EUR8 of incremental revenues but also the cost of carrying the traffic is higher and so the profitability percentage wise is more or less the same. Now, it's more or less the same percentage wise but it's better in absolute terms.

What is happening now that you are going deeper into the customer base is you start having more smart phones and not all of them have the same type of cost but most important, not all the customers have the same type of usage. So, what we're seeing on a monthly basis, we check kind of the meatier customers. These customers have a lower usage, a lower commercial cost, and a higher percentage of profitability. If you think to apply this to the whole customer base, at the end of the day, what I think we're doing and what I think our industry should be doing is a very old thing called user management. The way I describe it is I'm the owner of a motorway. I used to have only mobile broadband customers, the dongle customers, which do 1.5 gig per month, sometimes two, and suddenly I have--these are like trucks, big trucks that are on my motorway and then suddenly I have cars and cars are faster and they occupy a seventh or a sixth of the space, so every time I push aside a truck, I can fit in seven cars. And this is the user management concept of all the capacity driven industries should apply.

This is why I'm saying this is a great opportunity for us because it's an opportunity not just to manage yield at revenue level but also at the management level. The more we do it in a sensible way, the better our asset utilization will be and the better our ROC or ROI will be which leads me to the third point which is the pricing thing and then we had an old model especially in Europe. I'm always very jealous of the good pricing that data has in this country and in the US. In Europe we went to high kind of allotment with this concept of fair usage policy which is a bit ambiguous leading some customers to abuse. 2% create 75% of traffic in some examples. And also leading some people to say, "It's too much for me."

Now the new pricing that we are introducing and here I'm talking about Vodafone and I'm not talking about the field, I'm talking about something that is already operating in the Netherlands which is starting next month in the UK and in Ireland and then the other countries will follow in the third quarter. It's a much more sophisticated way of pricing which of course requires the billing and the CRM capacity I described before. Here you have to think of tiered plans--250 MG, 7 MG, 750, whatever it's going to be by country. Customers pay for different quantities. But also a level of service type of contract which says if you only want standard web browsing, this is the price. Instead you really want to use with a guaranteed quality of service, video or streaming or heavy applications, this price applies and if you are an investor or a banker or a very rich person and you just don't care, you want to have always the best conditions than everybody else, that's a third price. This is an example, not very far from what you are seeing in the market. But clearly, combining these two things, the type of user management that they were describing in my previous point actually becomes impossible.

As I said, this is perfectly understandable for the customers because I use a bit, I can always take the lower package and then go up if I want or I'm not a YouTube person, I'm not a video person, I don't care about paying as long as my email and browsing is fine or
I'm the type of person who has no problem. I pay for getting the best service and I want to be free to do what I want. It's a concept. Sometimes I get the question, "Is this consistent with the net new discretion" and the answer is, "Absolutely, yes." In the US and in Europe, this would not create a problem. That does not mean that some consumer groups might not like it but from a demographic point of view, this is consistent with all the debate that we are seeing and I think is very consistent with the logic of exploiting assets in the right way but also giving good service and high service to the customers depending on what they pay.

Conclusion? This is why I said in my opening remarks I'm very optimistic. We're very committed at Vodafone. We grew more in data than others because we started believing in this very strongly in more or less when I came back in 2005, 2006 and since then we've been investing not just technically which is why we have the good quality of network that we have but also commercially in CRM and billing systems to enable the flexibility which I think will actually demonstrate to I hope all of you very quickly that this is the profitable future for everybody and not just an exciting future for the customers.

These were my opening remarks. Tim, I'm sure you will challenge and question things.

Tim Boddy: Wonderful. Thank you. That was very interesting. I guess maybe just to put all this into a key point for investors which is the industry's clearly showing some deflationary trends recently although also effected by the economy. This possible data growth you speak about, at what point could it possibly potentially drive a return to growth for the group? For the group is Europe particularly?

Vittorio Colao: Europe, for us depends on obviously three things. One is clearly the economy. Again, it's very different by country. If you look at Germany or look at Spain, you clearly get different pictures and since we have about 30% of our business which is enterprise, clearly the economy makes a difference in those places. That's one thing. The second thing is openly the fact that as of today we don't have yet iPhone in our market but again this is not going to last for very long and this will change things. And then there is clearly our ability to create this bundling and this data invoice pricing together and go deeper in the segments of our customers and not just in the high-end people. I think we said in May that by the end of the year we'll be back to a growth situation in Europe and I hope we confirm that in the next announcement. Clearly it will be different by market. The economy still has a weight and I can see differences North and South.

Tim Boddy: Very true. And then keying off one of the fundamental points in the presentation around profitability, is it fair that one way of thinking about this is you invested really substantially over the last several years in 2G and 3G and you can now kind of harvest that investment at a low CapEx level. So, the contribution margin is actually very high for the medium-term?

Vittorio Colao: Yes but the way I like to think about this is a bit more focusing on revenues. In other words the real game here is to really make the revenue case in Europe as successful as it is in the US. When I look at my colleagues at Verizon or compare the pricing that you have in this market to the pricing that we have in Europe, clearly this is a totally different level. Now, the pessimistic could say, "The US will come down." I'm saying no because there is so much value there that we need to reboot that value and I think using this tiered pricing thing is a perfect way to have a staircase and start working up to people. So, I'm really focused on the revenue. Of course having always invested and we have never cut the CapEx--I have never cut the CapEx in any of the last four years in Europe or it always grew zero. Of course we can continue to enjoy a pretty good quality and I will define
harvest really because I really almost think the offers, I think that we actually have so much more revenue that we will continue to invest in percentage terms, the same but it's the growth of revenue that I'm trying to build and of course the profits because this then flows down nicely as you said.

Tim Boddy: Yes. I guess the key factor in that which is harder perhaps to control is the investor outlook and one of the things that seems to be enabling the CapEx efficiency of the group is a tremendous deflation in equipment prices and so forth. That always creates concern that that could get passed through to customers and Europe historically one could say has been a more competitive market structure than perhaps we've seen in the US.

Vittorio Colao: Yes. I would say two things. The reason why we can keep the CapEx at our level is that over time—and we made the final step two weeks ago—we have put technology more and more under the same umbrella. We have standardized. We now have global contracts. So, when people ask me, "How can you be so confident about CapEx?" clearly we've asked independent agencies to benchmark the prices we get in a blind way so we don't know who the others are of course and we always come out that we are pretty good buyers because when you have India and Europe and Africa and you put everything together, clearly you get the best conditions. I'm not really sure we're passing it. My interpretation is our 10%, 11% CapEx versus the 12%, 13% that I see in others partially is also justified by the fact that we buy well.

The other side of the story is the competitive dynamic in Europe. I would say it depends a lot by market. In some markets we have operators who tend to price more marginal and in other markets more full. The positive thing that I'm seeing in a less sophisticated way but almost all competitors are going into that action that I just described. So, I start seeing total data allotments coming down, differentiated pricing, time of date, time of night. If you want to do iTunes, do it at night. The concept I think is going—it cannot be that I'm a genius because it's different markets. The beauty of the US is 320 million all in the same market.

Tim Boddy: So, on the capacitive kind of landscape, just in the last month have you seen any particular changes or this sort of gradual drift towards rationality which I guess you see in markets for the last several courses—?

Vittorio Colao: I—save for the occasional tactical, I'll say border conflict, I don't see wars. There's always a tactical, a guy who by mistake shoots across the border, always happens. But I think the whole industry is now aware and there are cases that I will not mention that if you do—if you give a bad data experience to your customers and you get the wrong pricing then really customers are unhappy and again I cannot talk too much about what we're seeing in the last quarter because I'll talk about it in November. But I don't see big wars. I see more tactical things but the general trend is in the right direction. Yes. No. I would say, yes. To talk about Europe. To talk about Africa is a different thing.

Tim Boddy: Sure. In the sense that there's more competition?

Vittorio Colao: In the sense that there are aggressive entries namely from Bharti who is trying to get in Africa. We're responding everywhere within five and seven days and I think we have to get Africa a little bit more used to lower prices which I think is good for us. It forces us to manage cost in a different way but again my intention, our intention is be always fully competitive and take out cost. But Africa is a bit of a different thing. I mean, it starts from a different pricing level so it's a different story.
Tim Boddy: Can we switch gears and talk a bit about portfolio management and M&A which is clearly very topical recently with the I think much earlier than expect sale of China Mobile. Can you just talk about your thinking and the Board?

Vittorio Colao: Earlier than you expected. It took a lot of time for us.

Tim Boddy: I'm sure. Can you just help us understand your thinking process with respect to that because clearly Vodafone continues to commit to build a stake in China.

Vittorio Colao: The world is beautiful because you have different opinions. I mean, that's the beauty of the world, right? The channel back-story is very simple. I always said and I tend to say the truth, usually, that the Board yearly reviews the assets and yearly we say what is core, what is not. Last year--that's why I say it was not that early, really--last year after a number of steps we came to the conclusion that the goal was to preserve all the commercial operations and the operation of joint activities and try to see whether we could do that without an active participation.

Now, it has taken nine months because you have to go through agreements, you have to go through a lot of things. In May, China Mobile came on board on the roaming hub that we have in Europe and we did the 4G agreement that Chairman Wang announced last week and it took a bit of time. But again, I think we did it in the right way because not only from a price perspective which is pretty good but also because again it's important to preserve the corporation with the largest operator in the world in the country where we have our main suppliers or some of our main supplier and for sure some of the best minds in technology.

So, in that respect, nothing changes. Every year we will review the asset and we will review. There have been some discussions on the country, it was triggered by the partner who wanted to have a discussion and just say, "Okay, let's have a discussion." So, the approach is we have a list every year of what is core, what is not core, and what we need to work out and every year we go through the list and decide based on market situation, this year's volumes and everything else, what to do. This is the way we approach it or the way the Board asks me to approach it which I think is the correct thing to do.

Tim Boddy: Yes. And being in the US, it's only appropriate to talk about Verizon Wireless which you've talked about being the most important or one of your most important priorities as CEO to find some resolution.

Vittorio Colao: It's clearly a priority because--do the map, you know? It's a huge part of our balance sheet and does not create any liquid return to shareholders in any form. So, it is something we need to work out. It's also huge both for us and for them. So, finding a solution which is right from all point of views--financial, tax, restructuring, corporation wise and so on is complex. I am working on it. I'm sure that my colleagues at Verizon--actually we are working on it. And I think time--the clock ticks and at some point there is--there will be a decision to make about the use of cash flow and what to do and that will trigger a broader discussion in which I keep my mind open. All solutions are there. The most likely are a dividend or a split if we find a solution. People talk about mergers but mergers are big things. I would say these are the two more likely. But again, open minded and very patient given the importance of this thing.

Tim Boddy: There was obviously some excitement in the UK press the other weekend with this notion of secret talks but my understanding is this is a December event and you'll discuss this formally.
Vittorio Colao: It's very interesting because first of all I was wondering--I don't publish my diary on Facebook. Everything is secret that I do but not very secret at the end of the day because I go in restaurants and I go to places--what is this notion of secret? I don't know. I know there has been no secret nothing to be honest and my wife can confirm I was in London. I was not in Europe doing secret meetings. Again, I've been in the media business. I know that it's interesting to create these things. There are regular talks. There is a lot of clearly December is the month where you have the budget and the month where you have cash flow projections, debt projections and all the other things. In a way it's a formal thing. To be honest, we have continued discussions with Lowell and Ivan and it's a very positive discussion between professionals who basically are doing what is in the interest of their shareholders.

Tim Boddy: It would be great to hear some questions from the audience. You just hit the button in front of you and ask you question. Any questions from the audience? Yes. This lady here.

Unidentified Participant: With the last asset sale, most recent asset sale that you did, you chose to use the proceeds, 70% returning to shareholders and 30% debt reduction. With future asset sales, is this indicative of your priority for cash usage going forward?

Vittorio Colao: We decide case by case relative to where we are, relative to our clients, relative to the approved strategy. We are in the middle of a strategy which I will describe more, later in the autumn. I would say also because you're talking about very different things. It will really depend on what will be the specific case and when.

Unidentified Participant: I'm curious. I guess with the China Mobile sale, if you decide to return the large part through stock repurchase, have you done analytical work to determine that is the best course of action for those shareholders that are not selling and enlarging their ownership of the Company? Or are you just returning money without regard to valuation?

Vittorio Colao: No. We have been looking at the value because it's basically our dividend or I mean at the end of the day you say organic invest, share repurchase relative to whatever is your price or dividends. We've been advised by brokers and financial advisors and the general uniform view is share repurchase is the right way of doing it this time for this type of amount.

Unidentified Participant: What's behind the question is implicitly share repurchase makes sense only on the one scenario as you're buying something back that's undervalued. Is that the judgment that the management and the Board is making? The reason repurchase makes the most sense is because the market is not properly valuing out prospects?

Vittorio Colao: Of course there is an element--I will not comment on what I think is the right value for Vodafone but of course there is an element of that. Which by the way we apply also when we have to look at acquisitions or other things. Where is more value being created? It makes a difference if our stock price is at GBP1.20 or GBP1.60, clearly. So, the answer is "Yes, it was one of the elements." There were also tax considerations, what is more tax efficient for retail investors, for non-retail investors and a number of other things.

Tim Boddy: More questions? At the back?

Unidentified Participant: As you sort of look forward to LTE and some of the future technologies does your ability to invest at a high rate give you the chance to distance yourself from some of the discounters that may have caused you problems throughout Europe?
Vittorio Colao: I believe so. It's a very good question because we ask ourselves--if you ask me, "Will Vodafone be able to have a permanent huge gap versus the other--let me call, reference competitors?" I think I'm honest enough in telling you, "I'm not so sure" because if I decide to over invest in Spain, I'm pretty sure Telefonica will respond over investing themselves. At the end of the day, relative to the resident competitor, we need to do what make sense, not but totally irrational in saying we're going to play a CapEx driven competition. I don't believe in CapEx driven competition relative to big long-term players.

However, it is already making a difference with the smaller players because in a data world, if you think about my old days when I was talking about minutes and price per minutes and those things, this was between 50 minutes on the old Vodafone network and 50 minutes on the number three guy, the cost was not very different because even if you go to 70, if you're 70 versus 50, it doesn't make a big difference. When you talk about having customers with 0.5 gig or 1.5 gig, the scale advantage in handling the differential is very important. Can we pretend that we're going to be much better than the resident competitors? I think we've got a bit of advantage but probably it's going to be more of a time advantage but versus the smaller guys there is a cost and scale efficiency game that can be played which actually is also healthy in industry structure terms. If you look in the US at Verizon, AT&T, and the rest. The industry we really should aim for.

Tim Boddy: Question at the back?

Unidentified Participant: Your presentation focused on wireless and really wireless data. If you look forward maybe five years, to what extent do you think that includes more wireline voice, data, video, other and maybe how does that vary by geography?

Vittorio Colao: The answer is it really varies by geography. Let me tell you on wireline, three things. First, the offload strategy from macro networks to local networks is incredibly important and we are accelerating it. We've been exploiting it and we are accelerating it which is why when people ask me "Is Wi-Fi a threat?" I say, "No. Wi-Fi is a great thing. I love Wi-Fi. The more Wi-Fi there is around, the better it is because we can manage better experiences for the true mobile customers." That's answer number one.

Answer number two, in our key markets and for the time being I can talk about Italy, Spain, and Germany. Possibly a bit of Portugal, a bit of Egypt, a bit of New Zealand, but let's talk about the big ones. We have made some steps into being also provider of fixed broadband. It's a strategy which is complimentary to domain strategy which is clearly being on the mobile and it's a strategy which has to be defined market by market because in some markets you can look at the UK, look at other markets, you can basically buy or integrate from both a commercial and demographic point of view. In other markets it's more difficult.

The third comment is it's got to be a market by market thing. If we need some assets or we need to cooperate with somebody or we need do it all ourselves. In Italy we might be doing some join investments in some cities with other competitors. We will make them. But these are real market by market, more complimentary strategies to the main one.

Tim Boddy: Question over here?

Unidentified Participant: Just a follow-up on Verizon Wireless. If I understood your comments, you ranked a dividend or split as more likely than a merger with Verizon. I was just wondering your
thinking on that a little more in terms of why a merger with Verizon itself would be less appealing?

Vittorio Colao: Because it's simple math. Today I would say we have of 100 of our balance sheet, 55 or 56, maybe 57 works and 43 works but doesn't create anything. So, I think the relative valuation of the two companies doesn't--should reflect in a different way in this situation. That's why I think it's theoretically, conceptually, it's an option. Practically, I see a less likely option than the other two. But again, we keep our minds open because this thing is so big that eventually we need to find a solution to this thing which works for both parties. And I'm sure they have their own legitimate views.

Tim Boddy: Other questions?

Unidentified Participant: Yes. Hi. I'm looking at your statement that the data future will be profitable and that's a very important statement. I would probably have to agree with you on that; however, with the assumption that competition remains relatively manageable. Because if you do see profitability returning through data, wouldn't that also increase competition and also in terms of subsequently Europe profitability in data as well?

Vittorio Colao: Your question is very interesting but however if I were you I would ask me two separate questions. Not one. One is, "Is it going to be profitable?" and "This profit will go into the pocket of the operating system owners? These people?" That's one question. The second question is "Even assuming it's profitable are you sure this is not going to be dragged down by competition between the networks?"

Now, the first question was the one that a couple of years ago I would've said, "It's tough." The more I see the success of Android, the success of Samsung, the success of different--hopefully Nokia and Microsoft will find their strategic way into this. The more I see choices there and the more I see that we don't depend too much on a single environment, the more confident I am that this will play out over the long-term in the right way. But of course the first thing which is very important is competition in the operating system environment. If there's no competition there, then some concern could be legitimate.

And the second thing is why shouldn't we be dragged down in a fight one against the other? Going back to my earlier answer to the industry structure thing, because the economics of data are different than the economics of voice. If you provide 50 minutes or 70 minutes, I mean, at the end of the day your cost doesn't really change much but if you provide 0.5 gig and you provide 1 gig, your structure and of course the performance you give to the customer can be very different. That to me is what will actually push the industry in the right direction. I'm not saying it's going to be easy. It's going to be--we have to sweat. We have to be very consistent. You need to be at the total design of sales and the customer experience, all these things. But directionally I think that's going to be right thing. I wish in five years time we are here, we are saying that Europe has been more senior to the US than the other way around. To move more in a US type of pricing system, in terms of quality, I hope higher.

Tim Boddy: Very good note to end on. Vittorio, thank you very much for coming today.

Vittorio Colao: Thank you very much. Thank you, all.