TELECOM ITALIA S P A
Form 6-K
May 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF MAY 2009

TELECOM ITALIA S.p.A.
(Translation of registrant's name into English)

Piazza degli Affari 2
20123 Milan, Italy
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

FORM 20-F [X]   FORM 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

YES [ ]   NO [X]

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _______

PRESS RELEASE

Board Examines and Approves the Group s Q1 2009 Interim Report on Operations

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BERNABÈ: A SATISFACTORY QUARTER IN LIGHT OF THE MACROECONOMIC CLIMATE, IN WHICH THE RECOVERY OF EFFICIENCY CONTINUES, AND THE GROUP S COMMITMENT TO **PROFITABILITY** AND CASH GENERATION IS CONFIRMED

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REVENUES: 6,793 MILLION EURO (-3.8% ORGANIC VARIATION COMPARED WITH Q1 2008)

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ORGANIC EBITDA: 2,835 MILLION EURO (-2.4% COMPARED WITH Q1 2008)

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ORGANIC EBITDA MARGIN: 41.7% (41.1% IN Q1 2008), UP FOR THE THIRD QUARTER RUNNING

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ORGANIC EBIT: 1.389 MILLION (-6.3% COMPARED WITH Q1 2008)

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ORGANIC EBIT MARGIN: 20.4% (21.0% IN Q1 2008)

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CONSOLIDATED NET INCOME: 463 MILLION EURO, EQUAL TO 6.8% OF REVENUES (+0.1 pp COMPARED WITH Q1 2008)

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NET FINANCIAL DEBT: 34,518 MILLION EURO (34,039 MILLION EURO AT YEAR-END 2008; +479 MILLION EURO); -918 MILLION EURO COMPARED WITH Q1 2008 (35,436 MILLION EURO)

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FREE CASH FLOW FROM OPERATIONS: 850 MILLION EURO, AROUND 13% OF REVENUES

This press release contains alternative performance indicators not contemplated under IFRS accounting standards (EBITDA; EBIT; Organic Variation in Revenues, EBITDA and EBIT; and Net Financial Debt). These terms are defined in the Appendix.

The Telecom Italia Group interim first-quarter 2009 Report on Operations was drafted in observance of article 154 ter (Financial Reports) of Legislative Decree no. 58/1998 (Unified Finance Law - TUF) and subsequent amendments and additions, and in observance of CONSOB Notice no. DEM/8041082 of April 30, 2008 (Quarterly corporate reports issued by companies whose shares are listed in Italy as the original member State).

This interim Report on Operations is unaudited and has been prepared in observance of the international accounting standards issued by the International Accounting Standards Board and approved by the European Union.

As noted in the Telecom Italia Group consolidated financial statements for 2008, a number of new Principles and Interpretations have been applied since January 1, 2009. In particular, following the retrospective application of IFRIC 13 (customer loyalty enhancement programs), data for the corresponding periods in 2008 have been appropriately restated for comparison purposes. The main effects of these restatements are illustrated as attached.

It should be noted that the Outlook for operations in 2009 section contains forward-looking statements concerning the Group s intentions, beliefs and/or current expectations with regard to future financial results and other aspects of its operations and strategies. Readers of the interim Report on Operations should not rely unduly on such forward-looking statements. The company s actual results may differ significantly from those forecast herein owing to any number of factors that lie beyond the Group s sphere of control.

Milan, May 7, 2009

Telecom Italia Board of Directors, chaired by Mr. Gabriele Galateri di Genola, today examined and adopted the Group s Q1 2009 Interim Report on Operations.

Telecom Italia CEO, Mr. Franco Bernabè, stated: It was a satisfactory quarter in light of the macroeconomic climate, in which the recovery of efficiency continues, and the Group s commitment to **profitability** and cash generation is confirmed. The trend in revenues reflects the impact of sales networks restructuring, already announced in the Strategic Plan, and the effects of commercial policies tailored to customers who, particularly in the mobile business, showed greater care in telecommunications spending, in the current economic climate .

TELECOM ITALIA GROUP

During Q1 2009, no significant changes were seen in the consolidation area.

In 2008, the following significant changes took place:

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Entel Bolivia exit in Q2 2008 after the Bolivian government issued a decree on May 1, 2008 nationalizing the company. The equity interest is booked under current assets;

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Pay-Per-View operations exit in December 1, 2008 following their disposal by Telecom Italia Media S.p.A.

In Q1 2009, revenues amounted to **6,793 million Euro**, down 6.7% compared with 7,279 million Euro for the same period in 2008 (-486 million Euro). In **organic variation** terms, consolidated revenues decreased by **3.8%** (-270 million Euro).

The organic variation in revenues is calculated by:

- excluding the impact of changes to the consolidation area (-52 million Euro, mainly regarding the exit of Entel Bolivia in Q2 2008);

- excluding the impact of exchange rate fluctuations (-163 million Euro, owing to exchange rate fluctuations of -170 million Euro affecting the Brazilian Business Unit, and up 7 million Euro affecting other Business Units).

Revenues breakdown by sector of operations:

	Q1 2009		**Q1 2008**		**Change**		
(million Euro)		%		%	absolute	%	Organic %
Domestic	5,357	*78.9*	5,600	*76.9*	(243)	(4.3)	(4.5)
Brazil	1,061	*15.6*	1,224	*16.8*	(163)	(13.3)	0.7
European Broadband	308	*4.5*	323	*4.4*	(15)	(4.6)	(4.6)
Media, Olivetti and other activities	139	*2.1*	233	*3.2.*	(94)	(40.3)	
Adjustments and eliminations	*(72)*	*(1.1)*	*(101)*	*(1.3)*	*29*	*28.7*	
Total	**6,793**	*100.0*	**7,279**	*100.0*	(486)	(6.7)	(3.8)

The Domestic Business Unit continued its upward trend that began in 2008 for fixed line telephony, alongside a decrease in revenues from mobile telephony.

In Q1 2009, domestic revenues presented the following characteristics:

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fixed-line telephony: the number of Broadband lines continued to grow, fuelled by the expansion of IPTV and the success of new double- and triple-play offerings (Alice Casa); the increasing revenues from ICT business services as well as the growth in domestic wholesale services, partially offset a reduction in revenues from retail voice due to the natural customer base and traffic volumes contraction;

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mobile telephony: the reduction in revenues can be attributed to differences regarding the calendar in the first quarters of 2008 and 2009, to the announced restructuring of the sales networks, and to the effects of the commercial policies tailored to those customers (lower spenders Consumer and Business) that showed greater care in the control of telecommunications spending due to the difficult economic climate. Revenues were also affected by reduction in mobile termination fees that brought about a drop in incoming voice revenues.

Brazil Business Unit revenue growth was boosted by a rise in revenues from VAS (+28.6%) and products (+19.9%).

EBITDA of **2,798 million Euro** was down 145 million Euro (-4.9%) compared with the same period in Q1 2008. The **organic variation** in EBITDA was a negative 70 million Euro (- 2.4%). **The EBITDA margin** rose from 40.4% in Q1 2008 to **41.2%** in Q1 2009. The **organic EBITDA margin** was **41.7%** in Q1 2009 (41.1% during the same period in 2008), thanks to cost containment in both domestic and international markets.

The following table shows a breakdown of EBITDA and EBITDA margin by business area:

	Q1 2009		**Q1 2008**		**Change**		
(million Euro)		%		%	absolute	%	Organic %
Domestic	2,526	*90.3*	2,644	*89.9*	(118)	(4.5)	*(4.4)*
% of revenues	*47.2*		*47.2*		*0.0pp*		
Brazil	231	*8.2*	242	*8.2.*	(11)	(4.5)	20.7
% of revenues	*21.7*		*19.8*		*1.9pp*		
European Broadband	62	*2.2*	61	*2.1*	1	1.6	1.6
% of revenues	*20.1*		*18.9*		*1.2pp*		
Media, Olivetti and other activities	(18)	*(0.6)*	(2)	*(0.1)*	(16)	N.M.	
Adjustments and eliminations	*(3)*	*(0.1)*	*(2)*	*(0.1)*	(1)	(50.0)	
Total	**2,798**	*100.0*	**2,943**	*100.0*	(145)	(4.9)	(2.4)
% of revenues	*41.2*		*40.4*		*0.8pp*		

EBIT amounted to **1,352 million Euro**, down 153 million Euro compared with Q1 2008 (-10.2%). The **organic EBIT variation** was a negative 94 million Euro (-6.3%).

The **EBIT margin dropped** from 20.7% in Q1 2008 to **19.9%** in Q1 2009. The **organic EBIT margin** was **20.4%** in Q1 2009 (21.0% during the same period in 2008).

The consolidated **net result** amounted to **463 million Euro**, down 4.5% compared with the same period in 2008 (485 million Euro).

Capex in Q1 2009 amounted to **1,025 million Euro**, down 203 million Euro compared with Q1 2008. Capex breakdown:

(million Euro)	**Q1 2009**	%	**Q1 2008**	%	**Change**
Domestic	835	*81.5*	970	*79.0*	(135)
Brazil	104	*10.1*	139	*11.3*	(35)
European Broadband	73	*7.1*	100	*8.2.*	(27)
Media, Olivetti and other activities	15	*1.5*	20	*1.6*	(5)
Adjustments and eliminations	*(2)*	*(0.2)*	*(1)*	*(0.1)*	(1)
Total	**1,025**	***100.0***	**1,228**	***100.0***	**(203)**
% of revenues	*15.1*		*16.9*		*(1.8)pp*

The capex reduction can be attributed to fluctuations in the Real/Euro exchange rate (-19 million Euro), and to the implementation of an investment/cost reduction plan during the course of 2008.

Operating Cash flow amounted to **850 million Euro.** Despite the fall in revenues and EBITDA, cash flow fell by as little as 118 million Euro, compared with the first quarter of 2008, also thanks to actions to reduce costs and to monitor and select investment projects.

Net financial debt at March 31, 2009 amounted to **34,518 million Euro**, a rise of 479 million Euro compared with December 31, 2008 (34,039 million Euro). Net financial debt was most notably affected by taxation, comprising 187 million Euros for fiscal disputes, already put aside in the previous years and the fair value evaluations from hedging derivatives, with a negative result in the first quarter 2009. Excluding this non monetary component, the net financial debt would be reduced compared with December 31, 2008. Unlike the first quarter of 2008, net financial debt fell by 918 million Euro.

As of March 31, 2009, the Group **employed 77,499 people**, of whom 64,037 in Italy.

OUTLOOK FOR 2009

Telecom Italia Group confirms FY 2009 profitability and cash generation targets announced in late 2008 during the presentation of the Telecom Italia Group s three-year 2009-2011 strategic plan, specifically:

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Domestic Business Unit: organic EBITDA 9.9 10 billion Euro;

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Brazil Business Unit: organic EBITDA ~ 3.6 billion Reais;

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A net debt/EBITDA ratio of around 2.9x at year end 2009.

At an Organic Group EBITDA level, the previous target is confirmed.

BUSINESS UNIT RESULTS

Performance data is broken down into the following areas of operation:

- The **Domestic** Business Unit, consisting of the Group s fixed-line telecommunications operations in Italy (subdivided into Retail Voice, Internet, Business Data and Wholesale), Mobile operations, and ancillary support services;

- The **Brazil** Business Unit, which runs Group Telecommunications operations in Brazil;

- The **European Broadband** Business Unit, offering broadband services in Germany and the Netherlands;

- The **Media** Business Unit, which is in charge of Group television operations;

- The **Olivetti** Business Unit, responsible for digital print systems and office product manufacture;

- **Other operations** , including finance companies and other minor companies not strictly associated with the Telecom Italia Group s core business.

Telecom Italia Media Group Q1 2009 data were published in a press release issued on May 5, 2009, following the Board meeting that approved the accounts.

DOMESTIC

Revenues amounted to **5,357 million Euro**, recording a 4.3% decrease (-243 million Euro) compared with Q1 2008. The organic variation in revenues was -4.5%.

At March 31, 2009, the company provided around 17 million accesses in the retail market (-380,000 accesses than at December 31, 2008); the Wholesale customer portfolio increased, reaching 5.3 million accesses (+396,000 accesses since December 31, 2008).

The overall BroadBand portfolio was made up of 8.3 million accesses (+195,000 accesses since December 31, 2008), 6.8 million of which in the retail and 1.5 million in the wholesale market.

Telecom Italia had around 34.2 million mobile lines (7.3 million of which using UMTS technology), down 1.8% compared with December 31, 2008. This reduction can be attributed to the company s increasing commercial focus on high-spend customers; confirming this strategy, the number of post-paid lines rose to 17.8% of the total (up from 17.3% at December 31, 2008).

Fixed-Line Telecommunications

Fixed-Line Telecommunications revenues amounted to **3,677 million Euro**, a 1.8% reduction (-69 million Euro) compared with Q1 2008. At organic level, revenues went down by 2.0% (-76 million Euro), following the positive trend recorded in 2008.

Retail Voice

Retail Voice revenues amounted to **1,772 million Euro**, down 196 million Euro (-10.0%) compared with 2008, attributed in particular to natural lower traffic volumes and to a reduction in accesses caused exclusively by a contraction in the average customer base. The lower earnings from accesses in the domestic market, is however offset by growth in domestic wholesale services.

Internet

Revenues from the Internet segment amounted to **421 million Euro**, an increase of 3.7% (+15 million Euro) compared with Q1 2008. The domestic retail broadband portfolio rose to 6.8 million accesses, up 89,000 compared with the end of 2008. Broadband revenue growth was confirmed by a 5.9% rise compared with the same period in 2008. Excluding the fall in revenues from product sales, broadband revenues recorded a rise of 7.4% compared with the first quarter of 2008. The company continues to pursue its strategy of migrating customers towards higher-value offerings. Flat-rated packages now account for 79% of the total retail broadband customer portfolio (compared with 77% at the end of 2008). The IPTV service continues to make inroads onto the consumer market (with a portfolio of 365,000 clients, +36,000 compared with the end of 2008), while Web offerings and activities are continuing to be developed through the Virgilio portal. The Alice Casa package has achieved a portfolio of 233,000 customers (+115,000 since December 31, 2008), corresponding to 3.5% of the broadband portfolio (compared with 1.7% at the end of December 2008).

Business Data

Business Data revenues of **404 million Euro** were up 21 million Euro (+5.5%) compared with Q1 2008 thanks to the development of ICT products and services (+15.2% reaching 23 million Euro) - especially services, which registered 18% growth. This more than offset the contraction in traditional data transmission and connectivity services supplied to businesses.

Wholesale

Revenues from **Wholesale Services** reached **1,007 million Euro** with a total increase of 11% compared with the same period in 2008 (+100 million Euro)

Revenues from **Domestic Wholesale Services** rose to **689 million Euro**, with a 17.2% growth (101 million Euro) compared with first quarter of 2008. Though revenue growth in this segment was impacted by a reduction in incoming and collection traffic, this was more than offset by growth in revenues associated with expansion of the alternative operator client base, which is served by different types of line provision.

Revenues from the Telecom Italia Group s **International Wholesale Services**, supplied through Telecom Italia Sparkle and its subsidiaries, were essentially stable compared with 2008 (-1 million Euro, 0.3%).

Mobile Telecommunications

Q1 2009 **revenues** of **2,059 million Euro** were down 158 million Euro compared with the first three months of 2008. This reduction may be ascribed to: a contraction in traditional (SMS) and sale of content value added services; regulatory-imposed changes to interconnection pricing; and a reduction in the volume of terminals sold. These factors were impacted by calendar differences between the first three months of 2009 compared with 2008, and the fact that 2008 was a leap year; moreover, in 2009 there were fewer working days than in 2008 (working days yield higher average traffic levels than Sundays and public holidays).

Domestic Business Unit **EBITDA** amounted to **2,526 million Euro**, down 4.5% compared with the same period in 2008 (-118 million Euro). The **EBITDA margin** corresponded to **47.2%** of revenues (the same as in Q1 2008). The organic difference in EBITDA compared with the first quarter of 2008 was -4.4% (-116 million Euro).

The **organic EBITDA margin** was **47.5%** (47.4% in Q1 2008).

Domestic Business Unit **EBIT** amounted to **1,392 million Euro**, a reduction of 9.8% (151 million Euro) compared with Q1 2008. The EBIT margin corresponded to 26.0% (27.6% in Q1 2008). The **organic variation** in EBIT was a **negative 8.0%** (-122 million Euro).

The **organic EBIT margin** was **26.3%** (27.3% in the first quarter of 2008).

In addition to the factors stated above for EBITDA, Q1 2009 EBIT was impacted by a 7 million Euro increase in amortization and depreciation, and by a 25 million Euro capital gain realized on a property sale in Q1 2008.

Capex amounted to **835 million Euro** (- 135 million Euro compared with Q1 2008). Capex was equal to 15.6% of revenues (17.3% compared with the same period in 2008). The reduction can be ascribed predominantly to reduced commitments associated with terminal offerings (leased and subsidized), the Q1 2008 acquisition of WI-MAX licenses, and optimization of broadband network investments thanks to the rationalization of coverage expansion.

The company **employed 61,591** people, down 225 compared with December 31, 2008.

BRAZIL

(average Euro/Real exchange rate 0.33108)

Brazil Business Unit **revenues** amounted to **3,205 million Reais** (1,061 million Euro), up 22 million Reais compared with Q1 2008 (+0.7%). Revenues from products rose 19.9% compared with Q1 2008, while revenues from VAS were up 28.6% compared with the same period last year.

EBITDA amounted to **697 million Reais** (231 million Euro), up 66 million Reais compared with Q1 2008 (+10.5%). This result was achieved through financial discipline, focusing on a strict cost control, without affecting customer base development, monitoring credit management and improving, as a result, bad debt figures. The EBITDA margin amounted to 21.7%, up 1.9 percentage points compared with Q1 2008. The **organic variation** of **EBITDA** compared with the same period in 2008 was **130 million Reais**, corresponding to an EBITDA margin of 23.7% (19.8% in Q1 2008).

EBIT amounted to **-16 million Reais** (-5 million Euro), an improvement of 29 million Reais compared with Q1 2008 (+64.4%). This result may be attributed to a 45.5 million Reais increase in amortization and depreciation (for the 3G license and Capex), partially offsetting the higher EBITDA margin compared with Q1 2008.

The **organic variation in EBIT** compared with the same period in 2008 was **93 million Reais**, corresponding to an EBIT margin of plus 1.5% (compared with a negative 1.4% in Q1 2008).

Capex amounted to **315 million Reais** (104 million Euro), down 46 million Reais compared with the same period in 2008, predominantly as a result of lower network and commercial investments.

At March 31, 2009, the company **employed 10,194 people**, down 91 compared with December 31, 2008.

EUROPEAN BROADBAND

European BroadBand Business Unit **revenues** amounted to **308 million Euro**, down 15 million Euro (-4.6%) compared with Q1 2008. The **broadband customer portfolio**, numbered around **2.5 million accesses**, a figure that was essentially stable compared with December 31, 2008, and down slightly compared with 31 March, 2008. The **narrowband customer portfolio** amounted to **0.5 million accesses**, stable compared with December 31, 2008 and down compared with the figure of 0.6 million accesses registered at the end of March 2008.

EBITDA amounted to **62 million Euro**, up 1 million Euro (+1.6%) compared with Q1 2008. The EBITDA margin was 20.1%, compared with 18.9% for Q1 2008.

EBIT was a **negative 4 million Euro**, compared with a positive 6 million Euro in Q1 2008. EBIT worsened following a substantial rise in amortization and depreciation (+11 million Euro) associated with significant investments in network infrastructure and IT support systems between the end of 2007 and 2008, along with the capitalization of costs incurred in acquiring customers on contracts lasting at least two years.

Capex of **73 million Euro** was down 27 million Euro compared with Q1 2008, principally as a result of lower investments in network infrastructure.

At March 31, 2009, the company **employed 2,894 people**, a fall of 18 compared with December 31, 2008.

OLIVETTI

Olivetti Business Unit **revenues** in Q1 2009 amounted to **71 million Euro**, down 12 million Euro compared with Q1 2008. Revenues from products in Q1 2009 were down around 14% compared with Q1 2008, reflecting lower sales volumes. The largest falls were on European markets, notably Spain and the United Kingdom, where the Pound Sterling has suffered significant devaluation.

EBITDA was a **negative 9 million Euro**, down 2 million Euro compared with Q1 last year (when it was a negative 7 million Euro): lower levels of profitability associated with the drop-off in revenues was to a large extent offset by a containment of fixed costs. Taking into account the effect of exchange rate fluctuations on foreign currency turnover from clients outside the EU, and on the acquisition of goods and products in foreign currency, the Dollar s fluctuation against the Euro had a net negative impact on EBITDA of 1 million Euro.

EBIT was a **negative 10 million Euro**, down 1 million Euro compared with Q1 last year (negative for 9 million Euro).

Capex amounted to **1 million Euro**, unchanged compared with the same period in 2008.

At March 31, 2009, the company **employed 1,163 people** (1,069 in Italy, 94 outside Italy), down 31 compared with December 31, 2008 (1,194 people, 1,088 in Italy and 106 outside Italy).

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EVENTS OCCURRING AFTER MARCH 31, 2009

In April 2009:

- Telecom Italia Finance S.A. bought back company bonds on the market worth a total face value of around 25 million Euro. The bond buyback concerned the Telecom Italia Finance S.A., 2,103 million Euro 6.575% maturing July 30, 2009 issue;

- Telecom Italia S.p.A. bought back company bonds on the market worth a total face value of around 46 million Euro. The bond buyback concerned the Telecom Italia S.p.A., 850 million Euro variable rate maturing June 7, 2010 issue.

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ORGANIZATIONAL AND CORPORATE GOVERNANCE ISSUES

Following the decisions taken by the Shareholders meeting on 8 April 2009, relating to corporate bodies which confirmed Stefano Cao as Board member, (already co-opted by the Board meeting of 27 February 2009, replacing Gianni Mion) and appointed the new Board of Auditors, the Board of Directors called for Board member Cao to become member of the Executive Committee, which is now organized as follows: Gabriele Galateri di Genola, (Chairman), Franco Bernabè, Roland Berger, Stefano Cao, Elio Cosimo Catania, Julio Linares López, Aldo Minucci and Renato Pagliaro.

Taking into account that the newly appointed Board of Auditors also appointed Auditor Ferdinando Superti Furga as member of the company s Supervisory Body (under legislative decree no. 231/2001), the Board of Directors confirmed the composition of the Body as it was before the Shareholders meeting (Auditor Ferdinando Superti Furga, Board member Paolo Baratta, and Federico Maurizio D Andrea (President of Telecom Italia Audit & Compliance Services S.c.a.r.l.).

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Pursuant to paragraph 2, Article 154-bis of Italy s Financial Law, the Executive in charge of preparing the corporate and accounting documents (Marco Patuano), hereby declares that the accounting information contained herein corresponds to the Company s documentation, accounting books and records.

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The Q1 2009 results shall be presented to the financial community during a conference call, starting at 4 pm (Italian Standard Time).

Journalists will be able to join the conference call in listen-only mode by dialing +39 06 33168.

Journalists who are unable to listen in live may access a recording of the presentation by calling +39 06 334843 (access code 244724#).

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ATTACHMENTS TO THE PRESS RELEASE

ALTERNATIVE PERFORMANCE MEASURES

In this press release in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the trend of operations and the financial condition related to the Telecom Italia Group. However, such measures should not be considered as a substitute for those required by IFRS.

Specifically, the non-IFRS alternative performance measures used are described below:

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EBITDA. This financial measure is used by Telecom Italia as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the level of the Business Units) in addition to **EBIT**. These measures are calculated as follows:

PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	
	+ Finance expenses
	- Finance income
	+/- Other expenses (income) from investments
	+/- Share of losses (profits) of associates and joint ventures accounted for using the equity method
EBIT - OPERATING PROFIT	
	+/- Impairment losses (reversals) on non-current assets
	+/- Losses (gains) on disposals of non-current assets
	+ Depreciation and amortization
EBITDA - OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION, CAPITAL GAINS (LOSSES) AND IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS	

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Organic change in Revenues, EBITDA and EBIT. These measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation, exchange differences and non-organic components constituted by non-recurring items and other non-organic income/expenses.

Telecom Italia believes that the presentation of such additional information allows to understand in a more complete and effective manner the operating performance of the Group (as a whole and at the level of the Business Units).

The organic change in Revenues, EBITDA and EBIT is also used in presentations to analysts and investors.

This press release provides details of the separate income statement amounts used to arrive at the organic change as well as an analysis of the major non-organic components for the first quarter 2009 and 2008.

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Net Financial Debt. Telecom Italia believes that the Net Financial Debt provides an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. In the attachments to this press release are included the tables showing the amounts taken from the statement of financial position and used to calculate the Net Financial Debt of the Group.

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The reclassified Consolidated Separate Income Statements, Consolidated Statement of comprehensive Income, Consolidated Statement of Financial Position and Consolidated Cash Flow Statements as well as the Consolidated Net Financial Debt of the Telecom Italia Group, herewith presented, are the same as those included in the Quarterly Report at March 31, 2009 and are unaudited.

TELECOM ITALIA GROUP - CONSOLIDATED SEPARATE INCOME STATEMENTS

TELECOM ITALIA GROUP - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

According to IAS 1 (*Presentation of Financial Statements)* amendments, which are effective from January 1, 2009, here below is presented the Consolidated Statement of comprehensive income, beginning with the Profit for the period, derived from the Consolidated Separate Income Statements, and displaying income and expenses recognized directly in equity.

TELECOM ITALIA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TELECOM ITALIA GROUP CONSOLIDATED CASH FLOW STATEMENTS

TELECOM ITALIA GROUP CONSOLIDATED NET FINANCIAL DEBT

(millions of euro)	3/31/2009	12/31/2008	Change

Non-current financial liabilities:			
Bonds	26,547	25,680	867
Amounts due to banks, other financial payables and liabilities	7,520	9,134	(1,614)
Finance lease liabilities	1,684	1,713	(29)
	35,751	**36,527**	**(776)**
Current financial liabilities (1):			
Bonds	4,020	4,497	(477)
Amounts due to banks, other financial payables and liabilities	2,868	1,496	1,372
Finance lease liabilities	269	274	(5)
	7,157	**6,267**	**890**
Financial liabilities relating to Discontinued operations/Non-current assets held for sale	**-**	-	-
GROSS FINANCIAL DEBT	**42,908**	**42,794**	**114**
Non-current financial assets:			
Securities other than investments	(15)	(15)	-
Financial receivables and other non-current financial assets	(2,329)	(2,648)	319
	(2,344)	**(2,663)**	**319**
Current financial assets			
Securities other than investments	(686)	(185)	(501)
Financial receivables and other current financial assets	(481)	(491)	10
Cash and cash equivalents	(4,879)	(5,416)	537
	(6,046)	**(6,092)**	**46**
Financial assets relating to Discontinued operations/Non-current assets held for sale	-	-	-
FINANCIAL ASSETS	**(8,390)**	**(8,755)**	**365**
NET FINANCIAL DEBT	**34,518**	**34,039**	**479**
(1) of which current portion of medium/long-term debt:			
Bonds	4,020	4,497	(477)
Amounts due to banks, other financial payables and liabilities	2,112	684	1,428
Finance lease liabilities	269	274	(5)

TELECOM ITALIA GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

With reference to the evolution of the bonds during the first quarter 2009, we point out the following events:

	Currency	Amount (milion)	
NEW ISSUES			**Issue date**
Telecom Italia S.p.A., Euro 500 million, 7,875%, maturing January 22, 2014	Euro	500	January 22, 2009
Telecom Italia S.p.A, Euro 650 million 6,75% maturing March 21, 2013	Euro	650	March 19, 2009
Telecom Italia S.p.A, Euro 850 million, 8,25% maturing March 21, 2016	Euro	850	March 19, 2009
REPAYMENTS			**Repayment date**
Telecom Italia Finance S.A. 5,15%, bond issued with Telecom Italia S.p.A. guarantee	Euro	1.450 (*)	February 9, 2009
Telecom Italia S.p.A. Floating Rate Notes Euribor 3M+ 0,60%	Euro	110	March 30, 2009
BOND BUY-BACK			**Buy-back period**
Telecom Italia Finance S.A., Euro 2.103 million 6,575% due July 2009	Euro	218,9	From January to March
Telecom Italia Finance S.A., Euro 138,8 million FRN due June 2010	Euro	17	March

NOTES

Telecom Italia S.p.A. 2002-2022 bonds, reserved for subscription by employees of the Group: as of March 31, 2009 amounted 356 million of euro (nominal value) and in the first quarter 2009 increased by 8 million of euro (348 million of euro as of December 31, 2008).

Bond buy-back: as happened in 2008, in the first quarter 2009 the Telecom Italia Group repurchased bonds with the following targets:

- to provide the investors with a further possibility of monetizing their position, increasing the level of liquidity of the securities in a moment of uncertainty of the financial market;

- to anticipate partially the repayment of some debt maturities increasing, without additional risks, the total yield of liquidity of the Group.

(*) Net of 50 million of euro repurchased from the Company in 2008.

The total repayment, net of the Group s bonds buy-back, related to the bonds expiring in the following 18 months as of March 31, 2009 issued by Telecom Italia S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by Telecom Italia S.p.A.), totals 4,369 million of euro with the following detail:

- 1,884 million of euro (2,103 million of euro net of repurchased bonds for 219 million of euro), expiring on July 30, 2009;
- 574 million of euro, expiring on January 1st , 2010;
- 939 million of euro, expiring on January 15, 2010;
- 850 million of euro, expiring on June 7, 2010;
- 122 million of euro (139 million of euro net of repurchased bonds for 17 million of euro), expiring on June 14, 2010.

Bonds issued by companies of the Group to third parties do not contain either financial covenants (e.g. ratio as Debt/EBITDA, EBITDA/Interests, etc.) or clauses which can result in the early repayment of the bonds except in the event of the insolvency of the Telecom Italia Group. Furthermore, the repayment of the bonds and the payment of interests are not covered by specific guarantees nor there are commitments provided relative to the assumption of guarantees, except for the full and unconditional guarantees provided by Telecom Italia S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A.. None of the bonds carry any other interest rate structures or structural complexities. Since these notes and bonds have been placed principally with institutional investors on major world capital markets (Euro market and USA), the terms which regulate the notes and bonds are in line with the market practice for similar transactions realized on the same markets; therefore, there are, for example, commitments not to bind corporate assets as guarantee of funding ("negative pledge").

The rule of the bond Telecom Italia Finance S.A. 2 billion of euro due April 20, 2011 is subject to a mechanism of step-up/down of the coupon according to the rating variation; the coupon increases or decreases of 0.25% following each downgrade/upgrade provided by Standard and Poor s or Moody s.

With reference to the loans issued by Telecom Italia S.p.A. and directly granted by the European Investment Bank (EIB), we inform that two of them for 553 million of euro (on a total amount of 1,947 million of euro at March 31, 2009), are not covered by bank guarantees and there are such covenants that:

-

in case the company is object of merger, division or transfer of a company branch beyond the Group, or rather alienates, sells or transfers assets or branches, the company must give immediate communication to the EIB, which can require guarantees or changes in the contract of funding;

- for the loan of 350 million of euro of nominal amount, if the credit rating of the company underlies BBB+ for S&P s, Baa1 for Moody s and BBB+ for Fitch Ratings, and for the loan of 200 million of nominal amount, if the credit rating of the company underlies BBB for S&P s, Baa2 for Moody s and BBB for Fitch Ratings, the company must give immediate communication to the EIB, which can require eligible guarantees within a fixed term; beyond that term and in absence of the above mentioned guarantees, the EIB can demand the immediate repayment of the issued amount;

- the company must promptly communicate to the Bank the changes related to the allocation of the corporate stock between those shareholders that can provide a change of control. The missed communication implies the resolution of the contract. Furthermore, the resolution of the contract is planned even when a shareholder, who doesn t owned at least the 2% of the capital at the sign of the contract, owns beyond the 50% of the voting rights in the ordinary meeting or a such number of shares to represent beyond the 50% of the capital if, following a reasonable judgment of the bank, that fact can cause prejudice against the bank or compromise the execution of the investment project beneath the EIB funding.

The syndicated bank credit lines of Telecom Italia S.p.A. do not contain financial covenants (e.g. ratio as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige Telecom Italia to repay the outstanding loan if the covenants are not observed. Mechanisms are provided for adjusting the cost of funding in relation to Telecom Italia s credit rating, with a spread compared to the Euribor of between a minimum of 0.15% and a maximum of 0.425% for the line expiring in 2010, and a minimum of 0.0875% and a maximum of 0.2625% for the line expiring 2014.

The two syndicated bank credit lines contain the usual negative pledge clauses, consisting of the commitment not to modify the business purpose or sell corporate assets unless specific conditions exist (e.g. the sale at the fair market value). There are the same negative pledges conditions in the export credit loan agreements.

The syndicated bank lines (as well as a contract of export credit agreement for the nominal outstanding amount of 113 million of euro at March 31, 2009) consider the case where a party, other than the current relative majority shareholder or permitted acquiring shareholders (including Telco shareholders), acquires the control of Telecom Italia, individually or jointly; in that case, a 30-day period is established during which the parties shall negotiate the terms with which to continue the relationship.

In the documentation of loans granted to certain companies of Tim Brazil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt, profit ratios and debt ratios), as well as the usual non financial covenants, worth the request for the repayment in advance of the loan.

Finally, we point out that on March 31, 2009 none of the covenants, negative pledge clauses or other clauses regarding the above described debt positions have been violated in any way.

TELECOM ITALIA GROUP EFFECTS ARISING FROM THE APPLICATION OF IFRIC 13 (CUSTOMER LOYALTY PROGRAMMES) ON THE MAIN SEPARATE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION DATA

The application of IFRIC 13 (*Customer Loyalty Programmes*), through the retrospective method, has determined a restatement of the separate income statement and cash flow statement data for the First Quarter 2008 as well as the statement of financial position data as of January 1, 2008 and December 31, 2008. Such restatements only refer to the Domestic Business Unit..

The effects arising from the application of such Interpretation are as follows: a decrease in revenues mainly due to the deferral of the element related to the granting of the loyalty award credits; an increase in Acquisition of goods and services due to the delivery of the awards; and a consequent reduction in income tax expense.

From the statement of financial position standpoint, such Interpretation has determined the recording of higher Current liabilities, ,mainly due to the deferral of revenues, and Deferred tax asset and a consequent reduction in Equity.

	1st Quarter 2008		
(million of euro)	**Historical**	**IFRIC 13**	**Restated**
Revenues	7,298	(19)	7,279
Acquisition of goods and services	(3,149)	(4)	(3,153)
EBITDA	**2,966**	**(23)**	**2,943**
EBIT	**1,528**	**(23)**	**1,505**
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**949**	**(23)**	**926**
Income tax expense	(392)	7	(385)

PROFIT FROM CONTINUING OPERATIONS	**557**	**(16)**	**541**
PROFIT FOR THE PERIOD	**482**	**(16)**	**466**
of which:			
* **Profit attributable to owners of the Parent**	**501**	**(16)**	**485**
* Profit (loss) attributable to Minority Interest	(19)	-	(19)

(million of euro)	01/01/2008 Historical	IFRIC 13	Restated	12/31/2008 Historical	IFRIC 13	Restated
Deferred tax assets	247	3	250	987	15	1,002
TOTAL NON-CURRENT ASSETS	**70,688**	**3**	**70,691**	**70,942**	**15**	**70,957**
TOTAL ASSETS	**87,425**	**3**	**87,428**	**85,635**	**15**	**85,650**
EQUITY						
Other reserves and retained earnings (accumulated losses), including profit for the period	13,628	(4)	13,624	13,846	(31)	13,815
Equity attributable to owners of the Parent	**25,922**	**(4)**	**25,918**	**26,126**	**(31)**	**26,095**
Equity attributable to Minority Interest	1,063	-	1,063	730	-	730
TOTAL EQUITY	**26,985**	**(4)**	**26,981**	**26,856**	**(31)**	**26,825**
Trade and miscellaneous payables and other current liabilities	12,380	7	12,387	10,896	46	10,942
TOTAL CURRENT LIABILITIES	**19,162**	**7**	**19,169**	**18,423**	**46**	**18,469**
TOTAL LIABILITIES	**60,440**	**7**	**60,447**	**58,779**	**46**	**58,825**
TOTAL EQUITY AND LIABILITIES	**87,425**	**3**	**87,428**	**85,635**	**15**	**85,650**

TELECOM ITALIA GROUP EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON THE SINGLE ITEMS OF THE CONSOLIDATED SEPARATE INCOME STATEMENTS

The effects of non-recurring events and transactions on the single items of the Consolidated Separate Income Statements for the First Quarter 2009 and 2008 are set out below in accordance with Consob Communication

DEM/6064291 dated July 28, 2006:

(millions of euro)	**1st Quarter 2009**	**1st Quarter 2008**
Other operating expenses:		
Other expenses	(4)	(3)
IMPACT ON EBITDA	**(4)**	**(3)**
Gains/(losses) on disposal of non-current assets:		
Gains on properties	-	25
IMPACT ON EBIT	**(4)**	**22**
Other income (expenses) from investments:		
Gains on sale of Other investements	4	25
IMPACT ON PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**-**	**22**
Income tax expense related to non-recurring events	-	(8)
IMPACT ON PROFIT FOR THE PERIOD	**-**	**14**

NON ORGANIC ITEMS

ORGANIC EBITDA DETAILS

(millions of euro)	**Domestic**		**TELECOM ITALIA GROUP**	
	1st Quarter 2009	**1st Quarter 2008**	**1st Quarter 2009**	**1st Quarter 2008**
HISTORICAL EBITDA	**2,526**	**2,644**	**2,798**	**2,943**
Effect of change in scope of consolidation	-	**-**	-	**(18)**
Effect of change in exchange rates	-	**2**	-	**(32)**

Non-organic (income) expenses	**16**	**12**	**37**	**12**
Provisions and expenses for disputes and settlement	*12*	*9*	*12*	*9*
Costs for services in business unit Brasil, related to the settlement of a legal proceeding			*21*	
Other expenses, net	*4*	*3*	*4*	*3*
COMPARABLE EBITDA	**2,542**	**2,658**	**2,835**	**2,905**

ORGANIC EBIT DETAILS

(millions of euro)	**Domestic**		**TELECOM ITALIA GROUP**	
	1st Quarter 2009	**1st Quarter 2008**	**1st Quarter 2009**	**1st Quarter 2008**
HISTORICAL EBIT	**1,392**	**1,543**	**1,352**	**1,505**
Effect of change in scope of consolidation	-	**-**	-	**(11)**
Effect of change in exchange rates	-	**-**	-	**2**
Non-organic (income) expenses	**16**	**(13)**	**37**	**(13)**
Non organic costs and expenses already described under EBITDA	*16*	*12*	*37*	*12*
Gains on sales of properties	-	*(25)*	-	*(25)*
COMPARABLE EBIT	**1,408**	**1,530**	**1,389**	**1,483**

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the United States Private Securities Litigation Reform Act of 1995.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward - looking statements. This Press Release contains certain forward -looking statements. Forward-looking statements are statements that are not historical facts and can be identified by the use of forward-looking terminology such as "believes," "may," "is expected to," "will," "will continue," "should," "seeks" or "anticipates" or similar expressions or the negative thereof or other comparable terminology, or by the forward- looking nature of discussions of strategy, plans or intentions.

Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information is based on certain key assumptions which we believe to be reasonable but forward-looking information by its nature involves risks and uncertainties, which are outside our control, that could significantly affect expected results.

The following important factors could cause our actual results to differ materially from those projected or implied in any forward-looking statements:

- the continuing impact of increased competition in a liberalized market, including competition from established domestic competitors and global and regional alliances formed by other telecommunications operators in our core Italian domestic fixed-line and wireless markets;

- our ability to restructure our organizational model from one based on technology (fixed and mobile) to one based on customer segments (consumers, SOHOs, SMEs, Corporates) in order to focus on customers and their needs in utilizing our products and services;

- our ability to utilize our relationship with Telefónica to attain synergies primarily in areas such as network, IT, purchasing, sales activities in Germany and international mobile roaming;

- our ability to introduce new services to stimulate increased usage of our fixed and wireless networks to offset declines in the traditional fixed-line voice business due to the continuing impact of regulatory required price reductions, market share loss, pricing pressures generally and shifts in usage patterns;

- our ability to successfully implement our internet and broadband strategy both in Italy and abroad;

- our ability to successfully achieve our debt reduction targets;

- the impact of regulatory decisions and changes in the regulatory environment in Italy and other countries in which we operate;

- the impact of economic development generally on our international business and on our foreign investments and capital expenditures;

- our services are technology-intensive and the development of new technologies could render such services non-competitive;

- the impact of political and economic developments in Italy and other countries in which we operate;

- the impact of fluctuations in currency exchange and interest rates;

- our ability to successfully implement our strategy over the 2009-2011 period;

- our ability to build up our business in adjacent markets (pay-TV and IT services) and in international markets (particularly Brazil in mobile telecommunications and Europe-Germany-in BroadBand), due to our specialist and technical resources;

- our ability to achieve the expected return on the investments and capital expenditures we have made and continue to make in Brazil on mobile and in Europe on BroadBand;

- the amount and timing of any future impairment charges for our licenses, goodwill or other assets; and

- the outcome of litigation, disputes and investigations in which we are involved or may become involved.

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 7th, 2009

TELECOM ITALIA S.p.A.

BY: /s/ Carlo De Gennaro

Carlo De Gennaro
Company Manager

0pt; MARGIN-RIGHT: 0pt" align="left">Total Liabilities and Stockholders' Equity $17,954,286 $14,687,177

TRI-VALLEY CORPORATION CONSOLIDATED STATEMENT OF OPERATIONS

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Revenues				
Sale of Oil and Gas	$474,099	$465,216	$1,132,057	$920,989
Interest Income	231	904	420	2,019
Gain on Sale of Asset	17,123	1,082,693	27,732	1,673,492
Other Income	11,232	7,810	63,381	15,965
Total Revenues	$502,685	$1,556,623	$1,223,590	$2,612,465
Costs and Expenses				
Mining Exploration Expenses	64,242	85,561	105,595	224,389
Production Costs	459,597	247,177	909,130	532,554
General & Administrative	1,727,129	2,347,956	3,835,055	3,803,308
Interest	102,387	33,250	116,691	55,860
Depreciation, Depletion & Amortization	123,312	168,904	242,207	334,292
Stock Option Expense	159,385	24,278	193,038	51,690
Warrant Expense	-	2,855,454	13,000	4,017,703
Impairment Loss	502,974	-	915,995	-
Bad Debt	-	-	5,460	-
Total Costs and Expenses	$3,139,026	$5,762,580	$6,336,171	$9,019,796
Net Loss	$(2,636,341)	$(4,205,957)	$(5,112,581)	$(6,407,331)
Basic Net Loss Per Share:				
Loss from Operations	$(0.04)	$(0.11)	$(0.09)	$(0.18)
Basic Loss Per Common Share:	$(0.04)	$(0.11)	$(0.09)	$(0.18)
Weighted Average Number of Shares Outstanding	65,698,722	36,902,102	58,741,555	35,039,904
Weighted Potentially Dilutive Shares Outstanding	67,617,719	40,851,924	60,660,552	36,550,615

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TRI-VALLEY CORPORATION CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended June 30,	
	2011	2010
Cash Flows from Operating Activities		
Net Loss	$(5,112,581)	$(6,407,331)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities		
Depreciation, Depletion & Amortization	242,207	334,292
Impairment, Dry Hole & Other Disposals of Property	915,995	-
Stock Option Expense	193,038	51,690
Warrant Expense	13,000	4,017,703
(Gain) on Sale of Property	(27,732)	(1,673,492)
Director Stock Compensation	90,312	95,400
Changes in Operating Capital		
(Increase) in Accounts Receivable	(580,088)	(926,923)
(Increase) or Decrease in Deposits, Prepaids & Other Assets	44,702	(641,659)
(Increase) or Decrease in Accounts Receivable from Joint Venture Partners	(667,600)	786,471
(Decrease) in Accounts Payable, Deferred Revenue & Accrued Expenses	(1,815,410)	(1,715,139)
Net Cash Used in Operating Activities	$(6,704,157)	$(6,078,988)
Cash Provided (Used) by Investing Activities		
Proceeds from the Sale of Property	96,500	3,059,341
Capital Expenditures	(2,453,531)	(809,476)
(Investment in) Marketable Securities	-	-
Net Cash Used by Investing Activities	$(2,357,031)	$2,249,865
Cash Provided (Used) by Financing Activities		
Principal Payments on Long-Term Debt	(104,977)	(161,920)
(Purchase) of Treasury Stock	-	(25,000)
Net Proceeds from the Issuance of Stock Options	-	2,200
Net Proceeds from the Issuance of Common Stock	10,108,529	5,414,945
Net Cash Provided by Financing Activities	$10,003,552	$5,230,225
Net Increase in Cash and Cash Equivalents	$942,364	$1,401,102
Cash at the Beginning of Period	$581,148	$290,926
Cash at the End of Period	$1,523,512	$1,692,028

Exhibit 99.2

TRI-VALLEY CORPORATION, #4464851

TRI-VALLEY CORPORATION SECOND QUARTER 2011
FINANCIAL RESULTS CONFERENCE CALL
August 22, 2011, 4:30 PM ET
Chairperson: Jenifer Kirtland (Mgmt.)

Operator: Good afternoon, ladies and gentlemen, and thank you for standing by. Welcome to the Tri-Valley Corporation Second Quarter 2011 Financial Results Conference Call. During today's presentation, all participants will be in a listen-only mode. Following the presentation, the conference will be opened for questions. If you have a question, please press the star, followed by the one, on your touch-tone phone. If you're using speaker equipment today, please lift the handset before making your selection.

This conference is being recorded today, Monday, August 22nd, 2011, and at this time I'd like to turn the conference over to Jenifer Kirtland. Please go ahead, ma'am.

Jenifer Kirtland: Thank you, Operator, and thank you for joining the Tri-Valley Corporation Conference Call and webcast to review financial results and recent corporate developments for the second quarter ended June 30, 2011. I'd like to remind listeners that this is a Tri-Valley call, and while we welcome the participation of our OPUS partners, we will be focusing today on comments related to Tri-Valley Corporation.

Before we get started, during the course of this conference call we will make projections and may make other statements about Tri-Valley's business that are forward-looking and are subject to many risks and uncertainties that could cause actual results to differ materially from expectations. A detailed discussion of the risks and uncertainties that affect our business is contained in the Company's filings with the SEC, including its annual report on Form 10-K for the year ended December 31, 2010 and recent 10-Qs. Copies of these filings are available online from the SEC or from the Tri-Valley Corporation website. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof and, except as required by law, Tri-Valley disclaims any obligation to update these forward-looking statements to reflect future events or circumstances.

And now I'd like to turn the call over to Mr. Maston Cunningham, President and CEO of Tri-Valley Corporation. Maston?

Maston Cunningham: Thank you, Jenifer, and thank you everyone for joining us for this second quarter 2011 conference call. Also with me today is John Durbin, our Chief Financial Officer.

Today I'll begin with the review of our operational progress in the quarter, specifically, updates on our Claflin and Pleasant Valley oil projects, our OPUS partnership restructuring and issues resolution, and our mineral assets in Alaska. Then John will review the second quarter financial results in more detail. Finally, we'll open the call for a brief Q&A.

Oil and gas revenues in the recent second quarter grew 2% from the second quarter of 2010. This modest increase reflected higher oil prices partially offset by a slight decrease in net oil production, specifically at Pleasant Valley. Our second quarter 2011 net oil production was about 13% lower than the first quarter 2011 levels reflecting lower production at both Pleasant Valley and Claflin, and a 28% decrease in oil and gas revenues quarter-over-quarter. At Pleasant Valley, production was lower in the second quarter due to a mechanical failure in our main steam generator in May which had to be repaired and was not returned to service until late June. The lack of steam generation capacity delayed steam injection on several wells and negatively affected June production. We have been able to resume and maintain normal steaming operations since late June and our cyclic steam stimulation oil production at Pleasant Valley has returned to normal levels.

The decline in oil production at Claflin in the second quarter of this year versus the first quarter was due in part to normal oil decline from the cooling of the reservoir surrounding our four vintage wells and production curtailments related to the modification of surface facilities for our eight new wells which forced us to temporarily halt production for installation of a new shipping tank and other improvements.

Additionally, we experienced delays in obtaining new operating permits for a 12.5 million BTU per hour and a 19 million BTU per hour steam generators which had to undergo modifications to comply with the best operating practices and air emissions limits of the San Joaquin Valley Air Pollution Control District. Due to the permitting delays, we have only been able to perform the initial steam injection cycle on just three of our eight new wells that were drilled in April. We expect to have the larger 19 million BTU per hour unit in service by mid-September with the second 12.5 million BTU per hour generator being online by October 1st and that the remaining five new wells should have received their initial steam cycle by mid-October.

Despite the permitting issues and delays, we were pleased that the initial oil production rates from our three new wells at Claflin that received their initial injection cycle have averaged between 30 to 40 barrels of oil per day per well as expected. We have also obtained all surface and mineral owner permits for our 1.8 square mile 3D seismic acquisition project. Survey crews started in the field last week and we expect acquisition of data to be completed by the end of August. Initial interpretation should be completed by the end of September.

Based on the delays for the seismic project and production performance evaluations for the new Claflin wells, we have now changed our plans to drill only two horizontal wells in the fourth quarter of 2011 with the remainder of Claflin development to be completed in the second quarter of 2012. We have accordingly lowered our estimated year-end production rate at Claflin from 800 barrels of oil per day to 250 barrels of oil per day.

Moving on from oil production, last Friday we announced that Tri-Valley and the Special Committee at OPUS partnership had reached an amicable preliminary resolution of matters that will allow us to move forward on the continued development and financing of the Pleasant Valley project. As previously announced, the Special Committee of OPUS partners was established by Tri-Valley as managing partner of the TVC OPUS 1 Drilling Program, L.P. to ensure the interest of OPUS partners would be represented independently at Tri-Valley in the review of potential claims against the company alleged by one of the OPUS partners that had resulted in a tolling agreement being executed with the investor in the company on September 30th, 2010, and disclosed by an SEC Form 8-K filed on October 1st, 2010. The potential claims related to alleged breaches of the partnership Definitive Agreements with respect to costs that were charged to OPUS related to acquisition of certain oil and gas leases, title defense on certain oil and gas leases, turnkey drilling and well completion costs and finders' fees for placement of partnership units.

After a thorough review of these issues and negotiations, Tri-Valley and the Special Committee agreed on the following preliminary terms to restructure partnership and to resolve the issues for a total of 32.3 million including accrued interest. The preliminary terms will be the basis of Definitive Agreements that will be formally recommended later this year to the OPUS partners for ratification by the Special Committee and Tri-Valley's Board of Directors. A new limited liability joint venture company will be formed for the development of the Pleasant Valley Oil Sands Project that will be owned 25% by the company and 75% by current OPUS partners. Tri-Valley will contribute 100% of its overriding royalty interest on each of the Pleasant Valley properties to the new joint venture company. The 32.3 million plus interest will be allocated to OPUS partners on a prospective basis from two sources: $12 million of this amount will be allocated to OPUS based on the agreed net present value of the overriding royalty interest to be contributed by the company with the remaining 20.3 million to be sourced from Tri-Valley's portion of the net cash flow generated by a new joint venture company from the Pleasant Valley Oil Sands project. At the closing of the transaction, Tri-Valley will either provide or obtain a financing commitment for the joint venture company to fund three SAGD wells. Within six months after closing, the company will commit to fund the drilling completion and equipping of one SAGD pilot project at Pleasant Valley. Within six months after completion of this SAGD pilot, if successful and if the project meets certain performance standards, Tri-Valley will commit to fund the drilling completion and equipping of two additional SAGD wells at Pleasant Valley.

The closing of the transaction is subject to a number of conditions being satisfied: Definitive Agreements need to be negotiated and executed with the Special Committee; ratification of the proposed settlement terms and new operating structure of the joint venture company by the board of directors of the company, and at least a majority in interest of the OPUS partners will also be required. We anticipate that OPUS partners will receive additional information by November 1st and the matter will be voted on by November 30th.

We had two primary objectives when we formed the OPUS Special Committee—when the OPUS Special Committee began negotiations to amicably resolve the outstanding issues between the company and OPUS, and to formulate a plan that would allow OPUS and Tri-Valley the best opportunity as collaborative partners to maximize the potential value we all see at Pleasant Valley. This new arrangement with our OPUS partners avoids potential costly litigation between the parties and instead focuses our attention and resources to developing the potential of the Pleasant Valley Oil Sands Project. We believe that we are well on the way to accomplishing both these objectives, each of which is in the long-term interest of Tri-Valley shareholders and OPUS partners.

Now turning the discussion to our mineral assets in Alaska. We achieved an important milestone during the quarter with the execution of a Definitive Agreement between our Select Resources subsidiary and US Gold Corporation for the exploration and development of the Richardson Minerals Project in Alaska. Under the terms of the agreement, US Gold required a four-year exploration lease for Richardson along with an exclusive option to purchase a 60% interest in the project and the right to enter into a joint venture with Select for its development. US Gold's option to purchase a 60% interest in Richardson will vest upon completion of $5 million of exploration expenditures and 30,000 feet of core drilling during the term of the Definitive Agreement.

We have agreed that US Gold may terminate the Definitive Agreement after completing $2.2 million in exploration expenditures and performing 15,000 feet of core drilling at Richardson which are required during the first two years of the Definitive Agreement. Should US Gold elect to terminate the Definitive Agreement, Select will retain its 100% interest in Richardson. We received our first option payment of $200,000 upon execution of the Definitive Agreement on July 1st, and we will receive another $100,000 upon reaching the first anniversary of the agreement. Select is also entitled to receive additional option payments of $100,000 each for each of the remaining two years of the exploration lease period if US Gold exercises its option.

Following execution of the Definitive Agreement, US Gold commenced operations at Richardson on July 5th to collect auger soil samples for laboratory analysis and other activities have been completed to permit core drilling operations later this year. A drilling permit has been obtained and US Gold is currently sourcing drilling equipment to perform approximately 5,000 feet of core drilling at Richardson during the fall of this year as weather permits. We anticipate $200,000 in annualized cost savings from this arrangement as US Gold has assumed the annual maintenance costs for their leases and claims at Richardson. This was a significant step in our initiative to monetize our mineral assets in Alaska. We are also pursuing a similar arrangement with an experienced operational and financial partner for our Shorty Creek property.

Finally, we have continued to make good progress in strengthening our cash and capital positions. Our cash balance at June 30th was 1.5 million and stockholders equity totaled 11.4 million, representing a substantial improvement from the $581,000 in cash and 6.2 million in stockholder's equity at the end of December 2010. The increase was the result of capital raised from the sale of common stock under two at-the-market equity offerings with C.K. Cooper & Company as well as the sale of additional stock in a private placement this past April which generated net proceeds for the company of 4.7 million. With those proceeds, we have been able to expand our drilling program at Claflin as well as fund our expanded operating activities.

Now I'd like to turn the call over to John Durbin for a more detailed view of our second quarter financial results. John?

John Durbin: The Company's second quarter net oil production decreased less than 1% from the same quarter last year. A 12.5% decrease in our share of production at Pleasant Valley was offset by more than a 300% increase in production at our wholly-owned project at Claflin as production from new wells came online. Production costs increased nearly 86% over the comparable figure in the second quarter of 2010 reflecting the increased drilling activity at Claflin.

Let's now review the subject of changes in oil prices between the respective second quarters of 2010 and 2011 and the first quarter of this year. The NYMEX futures price for a barrel of light, sweet-crude for future delivery closed the end of June, 2011 at $95.42 a barrel versus $75.63 a barrel at the end of June last year and $106.72 a barrel on March 31st, 2011. The June 30, 2011 per barrel future oil price represents a decrease of 10.6% from the price on March 31st of this year and an increase of 26.2% over the preceding 12-month period.

Concern about the stability of the crude oil supply, as well as its availability from the Middle East and countries in North Africa, continue to place upward pressure on the forward price for crude oil during the second quarter of 2011. Offsetting that pressure on forward prices for crude oil were ongoing and serious concerns about normalized economic recovery in the developed world. The second quarter of 2011 also gave rise to new doubts about the strength of economic growth in the developing market economies in Latin America and in Asia as the primary markets in the developed world experienced financial, economic, and political uncertainty.

Our general and administrative expenses, or G&A, decreased $621,000 or 26.4% over the second quarter of 2010. The decrease in G&A between the comparable reporting periods of 2011 and 2010 was primarily driven by lower total salary and benefits expenses following staff reductions as well as lower legal expenses resulting from settlement of litigation on one of our Pleasant Valley Oil Sands Project leases during the first quarter of this year.

Mining exploration expenses decreased nearly 25% from the second quarter of 2010 to just over 64,000 during the first quarter of 2011 representing ongoing cost savings resulting from the sale of our Admiral Calder calcium carbonate property in Alaska during December of last year.

It's also worth mentioning again that we expect to see annual savings of approximately $200,000 related to our Richardson Gold exploration property as US Gold has assumed those maintenance expenses for that property.

Non-cash warrant expense in the second quarter of 2011 was zero versus 2.9 million during the second quarter of 2010. You may recall that the non-cash warrant expense in the second quarter of last year was a result of the vesting of the Series A and Series B Warrants sold to a group of investors along with common stock in our April 2010 registered direct offering.

For the second quarter of 2011, we reported a net loss of $2.6 million, down about 1.6 million, from a net loss of $4.2 million in the second quarter of last year. The significant decrease in net loss between the two reporting periods was primarily attributable to the reduced non-cash warrant expense I mentioned earlier.

Turning now to our balance sheet and our statement of cash flows, I'd like to draw your attention to just a few highlights. As mentioned earlier, we ended the second quarter of 2011 with a cash position of $1.5 million, up almost 1 million from our cash position at the end of December last year. The increase in the company's cash balance was a result of the sales of common stock during the first and second quarters of this year under the two at-the-market programs with C.K. Cooper & Company and the private placement for approximately 5 million we closed with certain accredited investors in April of this year.

Proved properties increased $2.6 million versus the end of 2010, primarily reflecting capital expenditures for new oil wells at our Claflin property.

Trade accounts payable and accrued expenses decreased $1.8 million from December 31st, 2010's figure as a result of our ongoing improvements in vendor management and paydowns of past due receivables. You may also note from our consolidated statement of cash flows that the company used about 6.7 million in cash from operating activities during the first six months of this year and raised approximately 10 million in net cash from the issuance of common stock during the first half of 2011. During the second quarter of 2011, we used about 2.5 million in cash from operating activities and spent approximately 2.2 million in drilling new oil wells at our Claflin property.

Finally, as Maston covered earlier, during the first half of 2011 we increased our stockholder's equity nearly 85% from 6.2 million at the end of 2010 to 11.4 million at June 30th of this year through the issuance of additional common shares under our two ATM programs and the private placement with certain accredited investors last April. With over $11 million in total stockholder's equity, we also continued to satisfy the minimum required for continued listing on the NYSE Amex exchange as of the close of the second quarter of 2011.

Now I'll turn the call back to Maston.

Maston Cunningham: Thanks, John, and before I open the call for your questions, I'd like to provide an update on the initiatives that we hope to achieve during 2011. In light of our progress in the first half of the year, we have revised those targets as follows. First is increased total gross oil production to 450 barrels of oil per day by year-end from 10 new wells at Claflin. Eight of these wells, the vertical wells, have already been drilled and we anticipate drilling two new horizontal wells in the fourth quarter of this year. We also want to secure a well-capitalized, experienced industry partner to explore and develop our remaining Alaskan gold exploration property, Shorty Creek, and finally we want to close the transaction with the OPUS partnership that will allow both OPUS and Tri-Valley shareholders to maximize a return from our investment at Pleasant Valley.

Finally, before we open the call for questions, for those of you who are not aware, John will be leaving Tri-Valley at the end of the month for another opportunity that will take him back to Houston where he lived and worked for many years. The Board has appointed Mr. Greg Billinger as the Interim CFO until we can find a permanent replacement for John. Mr. Billinger has over 30 years of corporate finance and accounting experience in the oil and gas industry including most recently as Vice President of Finance and Administration with Ivanhoe Energy Inc., an independent, international heavy oil development and production company. Prior to joining Ivanhoe, Greg spent 19 years with Occidental Oil & Gas Corporation, a wholly-owned subsidiary of Occidental Petroleum Corporation, which is a leader in natural gas and oil exploration and production where he had held various finance and accounting positions.

I want to take this opportunity to thank John for his many contributions to the company and to wish him the best in his future endeavors, and I also want to welcome Greg to Tri-Valley and appreciate his willingness to join us so quickly. Now, John and I would be happy to take your questions. Operator, can you please open up the call for Q&A?

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. As a reminder, if you do have a question at this time, please press the star, followed by the one, on your touch-tone phone. If you'd like to withdraw your question, please press the star, followed by the two, and if you are using speaker equipment today, please lift the handset before making your selection. Once again, if you'd like to ask a question, please press star, one.

And once again ladies and gentlemen, if you'd like to ask a question at this time, please press star, one. If you're using speaker equipment, please lift the handset before making your selection.

And our first question comes from the line of Kenneth Grutman with Bio High Tech Consulting. Please go ahead.

Kenneth Grutman: Yes, hi. That's Kenneth Grutman from Bio High Tech Consulting. I'm wondering how reliable do you think US Gold is as a partner in the exploration that you guys are going after and how successful have they been in the past?

Maston Cunningham: Well, if you look at the history of the principles in the company, I think you can be very satisfied with the quality of partner that we believe we have at Richardson. US Gold, you know, depending on where their market cap is, you know, the stock is up about 7 bucks or so. It's pretty close to $1 billion in market cap, and they have over $100 million in cash and equivalents on their balance sheet. We've been very favorably impressed by how quickly they've moved onto the property this summer, you know, to take advantage of the drilling season in Alaska. Obviously, to get set up and the logistics that they had to do to support a drilling program, potentially even next month is quite impressive. They have collected a number of—a good number of soil samples which have been shipped off to a lab for analysis and we'll know the results of that a little later, but I think we're in good hands there. Their chairman, Rod McEwen, had a very successful career with a company that he helped co-found and that is Goldcorp, and I believe—if I recall when he came on board, the market cap of that company was somewhere around $50 million and continued to move up. At the time he left, I believe their market cap was over 10 billion, so he's got a very proven track record. This is their first foray into Alaska and we're pleased that, you know, they're working with us at Richardson.

Kenneth Grutman:	And do you have any preliminary results that you would want to report today on the gold?
Maston Cunningham:	We have no results to report. This is still preliminary. They—you know, all I can say is they have been actively sampling on one of the key areas that they're interested in and, as I say, they've secured a drilling permit for a program and would like to drill 5,000 feet of core (inaudible), you know, as weather permits, you know, before it gets too late this summer. So I'm very happy to see how aggressively they're working there.
Kenneth Grutman:	Okay, thank you for your time.
Maston Cunningham:	You bet. Thank you, Kenneth.
Operator:	Thank you. If there are any additional questions at this time, please press star, one. As a reminder, if you're using speaker equipment, please lift the handset before making your selection. And I'm showing no further questions in queue at this time. I'd like to turn the conference back to Management for any closing comments.
Maston Cunningham:	Thank you very much again for joining us today on the call. We do appreciate your continued interest and support and we look forward to speaking with you during our third quarter call later this year.
Operator:	Thank you, sir. Ladies and gentlemen, if you'd like to listen to a replay of today's conference, please dial 1-800-406-7325 or 303-590-3030 using the access code of 4464851 followed by the pound key. This does conclude the Tri-Valley Corporation Second Quarter 2011 Financial Results Conference Call. Thank you for your participation. You may now disconnect.

END

Exhibit 99.3

Tri-Valley Corporation Announces Appointment of Interim Chief Financial Officer

BAKERSFIELD, Calif.—August 23, 2011--Tri-Valley Corporation (NYSE Amex: TIV) announced today that it has appointed Gregory L. Billinger, CPA, as Interim Chief Financial Officer, effective as of August 22, 2011. Mr. Billinger will replace the current Chief Financial Officer, Mr. John E. Durbin, whose last day with Tri-Valley will be August 29, 2011, as previously announced.

Mr. Billinger, 59, is a certified public accountant with over 30 years of corporate finance and accounting experience in the oil and gas industry. He was the Corporate Controller for Ivanhoe Energy Inc., an independent international heavy oil development and production company, from 2000 to 2005, and most recently was the Vice President of Finance and Administration for Ivanhoe's U.S. operations from 2006 to May 2011. Prior to joining Ivanhoe, Mr. Billinger spent 19 years with Occidental Oil and Gas Corporation, a wholly owned subsidiary of Occidental Petroleum Corporation, a leader in oil and natural gas exploration and production, where he held various finance and accounting positions.

Tri-Valley's Board of Directors is in the process of conducting a search for a candidate to fill the position of Chief Financial Officer on a permanent basis.

"On behalf of the Board and the Corporation, I want to thank Mr. Durbin for his nearly two years of service to Tri-Valley," said Maston N. Cunningham, President and Chief Executive Officer of Tri-Valley. "We wish him the very best in all his future endeavors. In Mr. Billinger, I am confident we have found a highly competent finance and accounting professional who will fill in admirably while we search for a candidate that meets the needs of the Corporation and our executive management team on a permanent basis."

About Tri-Valley

Tri-Valley Corporation explores for and produces oil and natural gas in California and has two exploration-stage gold properties in Alaska. Tri-Valley is incorporated in Delaware and is publicly traded on the NYSE Amex exchange under the symbol "TIV." Tri-Valley's website, which includes all SEC filings, is www.tri-valleycorp.com.

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