GUIDELINES FOR THE APPOINTMENT OF AUDITORS
MARCH 2010

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Scope

1. The present Guidelines apply:
   - to the appointment of auditors to audit the financial statements of Telecom Italia S.p.A. ("Telecom Italia", “the Company” or “the Parent Company”);
   - to the appointment of auditors to audit the financial statements/reporting packages of Telecom Italia’s subsidiaries;
   - to additional appointments by the Company and its subsidiaries ("Additional Appointments") of the firm appointed to audit the Company’s financial statements ("the Appointed Auditor") and entities belonging to its network, as defined by the applicable rules and regulations.

2. The Appointed Auditor is the principal auditor of the entire Telecom Italia Group. The appointment of entities other than the Appointed Auditor and/or entities belonging to its network for audit services and audit-related services is subject to prior assessment by the manager responsible for preparing the Parent Company's financial reports, who will see to the necessary authorization and reporting processes being applied, as required by the applicable rules and regulations.

3. The manager responsible for preparing the Company’s financial reports prepares and updates the list of entities belonging to the network of the Appointed Auditor, on the basis of the information provided by the Appointed Auditor. Such list is made available to the companies belonging to the Group and Telecom Italia’s managerial staff.

Appointments to audit the parent company’s financial statements

4. Without prejudice to the applicable rules and regulations, the appointment to audit Telecom Italia’s:
   - individual annual financial statements (so-called separate financial statements),
   - consolidated financial statements,
   - annual report on Form 20-F published in accordance with the reporting requirements to which Telecom Italia is subject insofar as it is registered with the United States Securities and Exchange Commission, and
   - half-yearly financial reports

is authorized by Telecom Italia’s shareholders’ meeting, acting on a proposal from the Board of Statutory Auditors.

5. The examination prior to the appointment (or subsequent amendments) to audit Telecom Italia’s accounts is coordinated by the manager responsible for preparing Telecom Italia’s financial reports, under the supervision of the Board of Statutory Auditors, which utilizes the support of the internal audit manager to verify the independence of the candidate auditor, in accordance with the applicable rules and regulations.

6. In preparation for the calling of the shareholders’ meeting charged with authorizing the appointment, the Board of Statutory Auditors shall set out its proposal and recommendation to the Internal Control and Corporate Governance Committee.
Additional appointments - limits

7. To safeguard the independence of the Appointed Auditor, as a matter of principle the Group limits Additional Appointments to the Appointed Auditor and entities belonging to its network to services and activities closely related to the audit of financial statements. The Parent Company’s Board of Statutory Auditors may establish guidelines and criteria (based on value and/or type of service) for the appointment, that apply to the entire Group.

8. Additional Appointments are subject not only to the present Guidelines and any guidelines and criteria established by the Parent Company’s Board of Statutory Auditors, as specified above, but also to the limits and prohibitions established by Italian and United States rules and regulations, insofar as they are applicable, and any additional applicable special rules and regulations, each of which as interpreted by the relevant Authorities (either in Italy or the United States) and subject to such Authorities’ ad-hoc approval, if required. When there is uncertainty about compliance with applicable rules and regulations, the appointment is not conferred.

9. In accordance with clause 8, appointments of the Appointed Auditor are prohibited in connection with the following services:
   a) book-keeping or other services related to accounting records or financial reports;
   b) designing and implementing accounting information systems;
   c) valuation and appraisal services and the issue of independent opinions;
   d) actuarial services;
   e) external management of internal controls services;
   f) consultancy and company organization services aimed at personnel selection, training and management;
   g) securities intermediation, investment advice and investment banking services;
   h) provision of legal services;
   i) advisory services that entail the granting of powers to represent the customer and services of legal assistance in connection with disputes.

Additional appointment - authorization process

10. Without prejudice to clause 12, the award of eligible Additional Appointments to the Appointed Auditor and entities belonging to its network is subject to prior approval by the Parent Company’s Board of Statutory Auditors. In urgent cases, the prior approval of Additional Appointments may be given by the Chairman of the Board of Statutory Auditors (or by a member of the Board appointed by the Chairman), who shall report to the Board as a whole in its first subsequent meeting for ratification of the decision.

11. For the approval by the Parent Company’s Board of Statutory Auditors, as referred to in clause 10, the head of the relevant Telecom Italia function (or the Chief Financial Officer of the subsidiary) requesting the Additional Appointment submits a report to the manager responsible for preparing the Parent Company’s financial reports, who prepares the request and submits it, with an operational proposal, to the Board of Statutory Auditors for approval.

12. Appointments are considered as authorized ex ante by Telecom Italia’s Board of Statutory Auditors and may be awarded to the Appointed Auditor and entities belonging to its network without ad hoc prior approval, when they concern the following types of service:
Audit services

a) audit of the financial statements and reporting packages for consolidation of Telecom Italia's subsidiaries;
b) review of the working papers of another auditor when necessary for the audit of the financial reports of Telecom Italia or companies it controls;
c) verification services for the issue of consent letters;
d) audit of financial statements and/or balance sheets to be published in prospectuses and information documents, offering memoranda and the like;
e) accounting assistance and advice, including in relation to requests coming from Consob, the United States Securities and Exchange Commission and similar authorities;
f) audit/verification services in connection with the awarding of grants/loans or obtaining specific tax or social security contribution treatment;
g) verification of the conformity of so-called sustainability and social reports;

Verification services with the issue of attestations

h) issue of comfort letters in relation to the implementation of extraordinary corporate actions;
i) reports and opinions requested under the law from the Appointed Auditor;
j) attestations to participate in competitive tenders organized by (national or supranational) governmental bodies.

Other services

k) agreed procedures for aspects of regulatory accounting;
l) accounting due diligence procedures for companies to be sold or acquired.

Appointments awarded - reporting

13. The award of Additional Appointments (with an indication of the object, time limits and fees, together with an attestation of compliance with these Guidelines and all the applicable internal procedures) is reported without delay by the head of Telecom Italia’s internal department (or the Chief Financial Officer of the subsidiary) that requested the award to the manager responsible for preparing the Parent Company's financial reports.

14. On a quarterly basis the manager responsible for preparing the Parent Company’s financial reports sends the Board of Statutory Auditors and the Internal Control and Corporate Governance Committee the information gathered on the Additional Appointments awarded. In relation to the above-mentioned appointments, the Board of Statutory Auditors and the Internal Control and Corporate Governance Committee may have any verifications of compliance deemed necessary carried out by the internal control manager.

15. In the case of reporting packages for consolidation prepared with a view to the drawing up of the Parent Company’s annual financial statements, the reporting units notify the manager responsible for preparing the Parent Company’s financial reports of the costs, by type of service, on the basis of the progress of the work and the corresponding contractual value updated to take account of any intervening changes.
16. On an annual basis the manager responsible for preparing the Parent Company’s financial reports sends the Board of Statutory Auditors the list and the costs of the Additional Appointments awarded during the fiscal year by Telecom Italia to respectively the Appointed Auditor and entities belonging to its network.

Deployment

17. These Guidelines provide the reference framework for:
   - specific procedures concerning the operational aspects of the process of awarding appointments and the consequent reporting;
   - the instructions for the preparation of reporting packages for consolidation with reference to the information to be provided in the Parent Company’s annual financial statements and Form 20-F on appointments awarded to the Appointed Auditor and entities belonging to its network.

18. In defining the procedural aspects of awarding appointments, the following principles are complied with:
   i. the appointments to audit the Parent Company’s financial statements (clause 4) and the appointments to audit the financial statements/reporting packages of its subsidiaries (clause 12.a) are excluded from the application of the ordinary Group procedures for the acquisition of advisory and professional services;
   ii. additional Appointments authorized ex ante by Telecom Italia’s Board of Statutory Auditors (clauses 12.b-l) are subject to a simplified acquisition procedure to be defined consistently with the ordinary Group procedures for the acquisition of advisory and professional services;
   iii. the ordinary Group procedures for the acquisition of advisory and professional services apply to Additional Appointments subject to prior ad hoc approval by Telecom Italia’s Board of Statutory Auditors.