Safe Harbour

These presentations contain statements that constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of developments and changes in the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Telecom Italia Group. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward looking statements as a result of various factors. Consequently, Telecom Italia makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward looking statements. Forward-looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results. Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia business or acquisition strategy or planned capital expenditures or to reflect the occurrence of unanticipated events. Analysts and investors should consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission which may identify factors that affect the forward looking statements included herein.

The accounting policies adopted in the preparation of the Half-Year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2014 have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at 31 December 2013, to which reference should be made, except for the new standards and interpretations adopted by the Telecom Italia Group starting from 1 January 2014 which had no effects on the Half-Year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2014. Please note that the limited review on the Telecom Italia Group Half-Year Condensed Consolidated Financial Statements at 30 June 2014 has not yet been completed.

Following the classification, starting from the fourth quarter 2013, of the Sofora - Telecom Argentina group as a disposal group (Discontinued operations/Non-current assets held for sale) the consolidated financial statements data of prior periods (including the first half 2013) have been restated accordingly and therefore the Sofora - Telecom Argentina group is no longer separately presented as a business unit.

Furthermore:

• starting from the First Quarter 2014, Organic change in Revenues, EBITDA and EBIT are determined excluding, where applicable, only the effects of the change in the scope of consolidation and exchange differences and therefore don’t take into account, as in the past, non-organic income and expenses, including those non-recurring;

• starting from the Interim Report at 31 March 2014, the Domestic business unit includes the Olivetti group, in addition to Core Domestic and International Wholesale. This different presentation reflects the commercial and business placement of the Olivetti group and the process of integrating its products and services with those offered by Telecom Italia in the domestic market. In the past, the results of the Olivetti group were included in the “Olivetti” business unit; as a result, the data for prior periods under comparison have been restated, accordingly.
2Q’14 Group Highlights: In Line with Plan

**Service Revenues**
4,871 mln €

- Organic Performance at **-7.1% YoY** vs -6.5% in 1Q’14 reflects:
  - Domestic trend stabilization with a consistent improvement in mobile service revenues. Good acquisition trend in Fixed & Mobile UBB;
  - Slight erosion in TIM Brasil figures impacted by full MTR drag in 2Q Solid growth in Mobile Generated Revenues

**Ebitda**
2,145 mln €

- Organic improvement to **-4.8% YoY** vs -5.7% in 1Q’14 driven by:
  - +0.8pp in 2Q in Domestic operations (+2.5pp net of subsidy);
  - Continued Sound performance of TIM Brasil

**Innovative Capex**
~250 mln €

- Constant progression in this key area:
  - **Italy**: 83 municipalities covered with fiber, 60.5% population reached by LTE, TIM recognized by AGCOM as best network in Italy for speed and security in data transmission;
  - **Brazil**: 66 cities covered by mobile BB project (+13 cities vs 1Q’14)

**OpFCF generation**
1,058 mln €

- Strong Performance in 2Q’14: **+11% YoY**

**Net debt**
27,36 bln €

- Reduction of 0.2 bln € vs 1Q’14 & -1.5 bln € vs 2Q’13
Italy: Innovative Investments are meeting a Growing Demand

Innovative revenues on total (1)

Investing to support the growth in data and new services

(1) net of wholesale
**Italy: the Lego of our Convergent Strategy**

**Telecom “Tutto”**

Adsl, Voce illimitata e Linea di casa

A Successful Proposition: locked-up more than 1 mln clients

- ~5k per day: >50% new client & upselling only-voice

**TIM “Smart”**

Delta ARPU post vs pre launch phase

<table>
<thead>
<tr>
<th></th>
<th>existing CB</th>
<th>new lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>mobile double digit growth</td>
<td>Broadly stable</td>
<td>Stable</td>
</tr>
<tr>
<td>fixed growth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A Value-Accretive Proposition

**Telecom Italia & Sky**

- ~300k clients at July ’14 of which ~40% with decoder (vs ~15% July ’13)
- Strong reduction in churn rate: ~5% (vs >15% in July ’13)
- Relevant growth in viewing time thanks to technical improvements: 2.5x vs July ’13

Cubovision rebranded: “TIM” as one single commercial brand

- Commercial partnership for Sky Online (OTT SKY offer)
- Accessibility over mobile of SkyGO and premium sport content with “connectivity embedded”
- Complete Sky Offer on Telecom Italia IPTV (Feb. 2015)

The Leaders in Connectivity and Content are together with a unique offer
Italy: Clear signs of improvement for a better 2H’14

Mobile Service Revenues

<table>
<thead>
<tr>
<th>1Q’14 vs 1Q’13</th>
<th>2Q’14 vs 2Q’13</th>
</tr>
</thead>
<tbody>
<tr>
<td>-14.9%</td>
<td>-13.3%</td>
</tr>
</tbody>
</table>

Traditional services
- Outgoing ARPU stabilization
- Zero MTR drag
- Constant recovery in calling CB

Innovative services
- Increasing smartphone penetration
- 4G uptake support
- New digital entertainment services

Fixed Service Revenues

<table>
<thead>
<tr>
<th>1Q’14 vs 1Q’13</th>
<th>2Q’14 vs 2Q’13</th>
</tr>
</thead>
<tbody>
<tr>
<td>-7.3%</td>
<td>-8.6%</td>
</tr>
</tbody>
</table>

Traditional services
- F/M traffic erosion reduction due to bundled offers
- Access valorisation

Innovative services
- Constant support from BB CB growth
- Increased fiber penetration and adoption
- Continued uptrend in ICT services

Service Revenues Trend

2H’14

Traditional services
-14.9%
-13.3%

Innovative services
+9.9%
+8.4%

ARPU CB

1Q’14: -7.3%
2Q’14: -8.6%
2H’14: +1.8%
Brazil: Our Summer Assessment Reinforced the Importance of its Value

TIM’s Infrastructure Strategy: Data Centric Approach

- Higher speed
- 4G roll out
- Mobile broadband project acceleration
- Backhauling infrastructure

Coverage
- Homogeneous
- Access upgrade
- Coverage in all relevant areas
- Site densification
- Small cell / Wi-Fi

Availability
- Always available
- Fine tuning
- Fiber rings / redundancy
- Resilience

2H’14 Network Approach

Number of 3G & 4G Sites

<table>
<thead>
<tr>
<th></th>
<th>4Q13</th>
<th>2Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>+19%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Number of Wi-Fi & Small Cell

<table>
<thead>
<tr>
<th></th>
<th>4Q13</th>
<th>2Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>+47%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Number of sites with fiber (FTTS)

<table>
<thead>
<tr>
<th></th>
<th>2Q13</th>
<th>2Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

700Mhz Auction
(30th September 2014)

Supports our continued development of mobile data, increasing our 4G frequencies and roll-out

Best-in-Class Network Investments to address New Customer Needs

- 3G “dense”
- MBB Project
- Improve quality of experience
- Boost data usage
- Retaining customers with data devices

2G

DBAccess TMT Conference Marco Patuano
Brazil: Mobile Data Demand is Rapidly Expanding

YoY, %

**Total Service Revenues**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Mobile &amp; Fixed Service Revenues</th>
<th>Mobile Service Revenues(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q’14</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+0,3%</td>
<td>-23%</td>
</tr>
<tr>
<td>2Q’14</td>
<td>-2,0%</td>
<td>-30%</td>
</tr>
</tbody>
</table>

**Mobile & Fixed Service Revenues**

- 1Q’14: -22% (fixed), -1% (mobile)
- 2Q’14: -18%

**Mobile Service Revenues(1)**

- 1Q’14 fully impacted by MTR cut
- 2Q’14 fully affected by this year MTR cut

**Traditional**

- Outgoing Voice Revenues flat
- SMS declining trend

**Innovative**

- Smartphone & webphone penetration at 62%
- Smartphones ~71% of new handset sales

- Excellent take-up in data KPIs in 2Q

(1) Visitors & other revenues non included
(2) Revenues based on net contribution
Brazil: Building on our Commercial Strength

**Postpaid**
- Managing customer base...
- Reduce churn on postpaid
- Attract dual SIM card users traffic
- Renewed focus on corporate customers

**Prepaid**
- To Infinity and beyond...
- Leveraging on “pure mobile” distinctiveness
- Expanding daily tariff scheme to new regions
- Simplicity / Transparency

The Market is Asking for TIM

- % of smartphone sales among players in 2Q14
- % of smartphones + webphone on TIM's base in 2Q14
- % of smartphone over new sales in 2Q14

Penetration of smart + webphones drives data usage growth

Source: GFK Group

Source: Company

Source: Company
## 2Q’14 Group Take-Aways

| Domestic | Domestic business on track with 2014-2016 Plan  
|          | Improving trend in mobile space paving the way to a solid 2H2014  
|          | Line losses and voice ARPU weak as expected; increasing BB ARPU and sound fiber take-up rate leading to a better fixed revenues mix |
| Efficiency Plan | Continued over-performance on efficiencies with a positive impact on OpFCF |
| Innovative Capex | The take-up of innovative services shows we must keep our focus on CAPEX for innovation |
| Brazil | Brazilian mobile transformation to a data driven market is underway: data revenues almost offset MTR drag and by 2016 it will account for 40% of total revenues  
|          | Focus on development and investment ‘14-’16 Plan leveraging on TIM Brasil’s strong position in the market. |
| M&A | Driven by Financial Discipline |
| FCF generation | Free Cash Flow Generation well on track and debt duly managed |
Appendix
Brazilian TLC Market – Mobile Accesses Trend (‘000)
Brazilian TLC Market – Market Shares on Mobile Accesses (%)

<table>
<thead>
<tr>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>Jul-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telefônica Brasil</td>
<td>TIM</td>
<td>Claro</td>
<td>Oi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Paid</td>
<td>Post-Paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28,78</td>
<td>28,67</td>
<td>28,56</td>
<td>28,49</td>
<td>28,68</td>
<td>28,78</td>
<td>28,75</td>
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<td>26,98</td>
<td>27,17</td>
<td>27,09</td>
<td>27,02</td>
<td>26,91</td>
<td>26,93</td>
<td></td>
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<tr>
<td>25,11</td>
<td>25,01</td>
<td>25,14</td>
<td>25,34</td>
<td>25,13</td>
<td>24,95</td>
<td>24,96</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18,74</td>
<td>18,71</td>
<td>18,64</td>
<td>18,52</td>
<td>18,49</td>
<td>18,53</td>
<td>18,50</td>
</tr>
</tbody>
</table>

Pre-Paid:
- Telefônica Brasil: 28.53, 28.81, 28.84, 28.90, 29.07, 29.19, 29.27
- Claro: 25.02, 25.00, 25.34, 25.31, 25.24, 25.06, 24.97

Post-Paid:
- Telefônica Brasil: 37.06, 37.83, 38.89, 39.81, 40.59, 41.25, 41.33
- TIM: 25.47, 25.07, 24.36, 24.05, 23.80, 23.35, 23.34
- Claro: 20.75, 20.84, 20.97, 20.64, 19.93, 19.29, 19.16
- Oi: 15.92, 15.33, 14.71, 14.22, 13.92, 13.80, 13.79