The Ordinary Shareholders' Meeting of TELECOM ITALIA S.p.A. began at 11:03 a.m. on 16 April 2014, at Via Toscana 3, Rozzano, Italy.

Aldo Minucci, Chairman of the Board of Directors, declared the meeting open and, with the unanimous consent of all attendees, asked Carlo Marchetti to act as the meeting Secretary.

The Chairman began by reading out the Agenda, containing the following items:

**Ordinary session**
- Financial statements as at 31 December 2013 – approval of the documentation on the financial statements – related and consequent resolutions
- Distribution of the privileged dividend to savings shareholders by using reserves – related and consequent resolutions
- Report on remuneration – resolution on the first section
- Appointment of the Board of Directors – related and consequent resolutions
- Appointment of the Chairman of the Board of Directors by the Shareholders’ Meeting
- Supplementary remuneration for the Board of Statutory Auditors - related and consequent deliberations
- Stock option Plan – related and consequent resolutions

**Extraordinary session**

(Omissis)

Mr Cardillo declared that he did not believe that he had been informed about the items on the agenda other than the appointment of the Board of Directors, as it was the only subject indicated in the original call notice published on 1 March 2014 (of which he delivered a copy to the Chairman's desk and which is attached to the minutes). He stated that after
having checked this agenda he had decided not to attend the shareholders' meeting, and indeed he had regretted having asked for a ticket for the meeting. It was only yesterday that he had discovered the later addition of the other items to the agenda: this conduct had misled shareholders, he hoped involuntarily. He therefore considered that the other items on the agenda could not currently be discussed due to the shareholders' lack of information and the failure to meet the notice periods.

The Chairman noted Mr Cardillo's comment and assured him that the additions to the agenda had been made in compliance with the applicable regulations; and then, continuing, he notified the meeting that:
- the call notice for the Shareholders' Meeting had been published in summary on 1 March 2014 in the daily newspapers Il Sole 24 Ore and the Financial Times, and at the same time in full on the Company's website;
- the supplementary call notice for the Shareholders' Meeting had been published in summary on 13 March 2014 in the daily newspapers Il Sole 24 Ore and the Financial Times, and at the same time in full on the Company's website;
- the share capital was 10,693,740,302.30 euros, divided into 19,443,164,186 shares, of which 13,417,043,525 were ordinary shares and 6,026,120,661 were savings shares, without par value;
- as of the date of the meeting, the Company held 37,672,014 of its ordinary treasury shares. In addition, 124,544,373 Telecom Italia ordinary shares were held by its subsidiary Telecom Italia Finance S.A.;
- no postal votes had been received;
- votes representing 1,712,925 shares had been received electronically, via the Company's website.

The Chairman declared that, at 11:10 a.m., the ordinary shares participating in the shareholders' meeting for the purposes of the quorum were 6,843,454,466 in total, including the ones associated with electronic votes. The share capital represented at the meeting was therefore equivalent to 51.01% of the total of ordinary shares.
Accordingly, the Chairman noted and acknowledged that the meeting was quorate and able to discuss and resolve on the matters included in the agenda.

The Chairman also stated that:
- the documentation relating to the various items on the agenda had been published in compliance with the applicable regulations and a copy was available in the hall, along with answers to questions received within the time-limits specified in the call notice. A copy of the document is annexed to these minutes;
- the following documents were distributed at the entrance:
  - the printed document containing the financial statements for 2013 (including the proposed resolutions and the associated explanatory reports);
  - the printed document containing the slates and the curricula vitae of the candidates for the position of Board Member, as well as the summary notice of the proposals that had been received from shareholders for additional resolutions and candidatures for the position of Chairman;
  - a printed document containing the report on corporate governance and share ownership and the remuneration report;
  - the information document relating to the "2013 Employee Share Ownership Plan for Employees of the Telecom Italia Group";
- according to the figures in the possession of the Company, the following held shares with voting rights amounting to more than 2% of the ordinary capital:
  - Telco S.p.A., with a direct holding, by way of ownership, corresponding to 22.387% of the capital with voting rights;
  - Findim Group S.A., with a direct holding, by way of ownership, corresponding to 5.004% of the capital with voting rights;
  - Blackrock Inc, with a indirect holding in the capacity of asset manager corresponding to 4.813% of the capital with voting rights;
- no shareholder was known to be subject to a suspension of the right to vote under the applicable regulations;
- as regards shareholders' agreements relevant for Telecom Italia pursuant to article 122 of Legislative Decree 58/1998, the latest update of the existing agreement between the
members of the relative majority shareholder Telco S.p.A. (Intesa San Paolo S.p.A., Mediobanca S.p.A., companies in the Generali Group and Telefónica S.A.) was published on 4 April 2014; The notices containing the extracts of the agreement were all available on the Consob website, among other sources, and the description of the essential elements of the agreement could always be found in the report on corporate governance distributed at the entrance to the hall;

- the following attended the meeting, besides the Chairman and the Chief Executive Officer Marco Patuano:
  - Directors Lucia Calvosa, Jean Paul Fitoussi, Luigi Zingales;
  - all the members of the Board of Statutory Auditors;
  - Dario Trevisan, attorney, common representative of the holders of savings shares;
  - Mr. Francesco Pensato, common representative of the holders of bonds relating to the following loans: "Telecom Italia S.p.A. Euro 1,250,000,000 5.375 per cent. Notes due 2019".
  - Enrico Cotta Ramusino, common representative of the holders of bonds relating to the loan “Telecom Italia 2002-2022 Floating Rate bonds, Open Special series, reserved for subscription by employees of the Telecom Italia Group, in service or retired”;
- finally, representatives of the independent auditors were present, as well as staff engaged in the proceedings of the meeting;

The Chairman, also:

- as per the Regulations for the Shareholders’ Meeting, set 10 minutes as the maximum length of speeches during the course of the discussion, which would, as usual, take the form of a single debate for all the items for the ordinary session;
- stated that voting would then take place separately on the various items on the agenda;
- pointed out that the operations of recording attendances and counting the votes would be performed with the aid of a remote unit, the so-called “televoter”, which is associated with the personal identification details of the entitled individuals.
- reminded shareholders who intended to address the meeting to make a booking; when called to make their speech they would be required to proceed to the podium set up for the purpose, and avoid speaking from the floor;
- he then informed the meeting that recording equipment was being used in order to facilitate minute-taking, and that there was also a simultaneous translation service from Italian to English and vice versa (headphones were available at the entrance to the hall). The personal data collected would be handled for the purposes of the proper conduct of the meeting and for minute-taking. All data would be handled in accordance with the legislation on privacy;
- he reminded shareholders that they were not permitted to make audio or video recordings of the proceedings, but said that anyone who asked after the meeting had taken place, and supplied their name and address, would be provided with a recording of their own speech.

Given that, for all matters included in the Agenda, documentation had been made available on paper and online, and delivered at the entrance to the hall, the Chairman stated, with no objections, that the documentation would not be read out.

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The Chairman then gave the floor to the Chief Executive Officer, who read out the text of the speech that follows.

Dear Shareholders,

Today is a very important day for Telecom Italia. We have the opportunity to think back over the events of an extraordinary year, and to decide what future to give one of the greatest industrial groups in the country.

Our recent history has been rich with challenges which we have confronted with a very high level of agreement. The choices and decisions which we have made and adopted between 2013 and the first quarter of this year represent a decisive step in the life of Telecom Italia. I am convinced that today's Shareholders’ Meeting constitutes a turning-point which directs us towards the future.

Together and courageously, we have set out the premises which will allow us to relaunch our Company over the next few years, indicating a new direction to take, untried, distinguished by elements of marked discontinuity which I want to list for you.
Governance, to start with: an open and frank debate, with contributions from everyone, to start a project of redesigning the rules and internal structures which will place Telecom Italia among case studies at international level.

Financial discipline, which will continue to represent a pillar of management for the Group in the years to come. The capital strengthening achieved in 2013 enables us to maintain a positive approach to the fairness of Telecom Italia’s balance sheet structure and the sustainability of the debt.

2013 was, furthermore, the year in which we clearly defined a substantially renewed strategic orientation.

The Business Plan presented last November outlined a radical change of perspective: we have concentrated on a strategy founded on investment and innovation, which we have used as the basis of our financial vision. This is a change which has sent a precise message to the market and the stakeholders: Telecom Italia is a solid, vital company concentrating on the future, directed towards generating shareholder value and together becoming an interpreter and enabling factor for the technological progress of the country, especially as regards the objectives set by the Digital Agenda.

Another, fundamental, guideline of our strategy corresponds to our significant investments in new generation networks. We have filed away the plan to sell off the fixed network and we are providing all the operators the fullest guarantees in terms of equality of treatment.

We have shown ourselves willing to strengthen the model of Equivalence of Output, which is already a recognised European best practice, evolving towards Equivalence of Input. We believe that in this way it is possible to overcome the logic of competition by litigation, set up by some of our competitors and damaging for the entire sector.

Finally, in 2013 we established the perimeter of the Group's strategic portfolio, vigorously confirming that TIM Brasil represents for us a primary asset, which contributes about a third of the total revenues of the Group. It is an asset which must be further enhanced, starting from a policy of investment in new generation frequencies and technologies.

These points represent the primary axes of the strategic plan which was welcomed with extreme favour both by the analysts, who progressively raised the target price of our shares, and by the market, which rewarded us with a recovery in the value of the shares, both ordinary and savings shares.
The changes begun in this last year were carried out at the peak of a six-year period of almost uninterrupted crisis in which the Italian gross domestic product lost nine percentage points. It was a period which put the resistance of the national economic system to a severe test: family income fell by almost 11 points, while the unemployment rate rose until it touched 12.25% in 2013 (the highest value for the last 20 years), exceeding 13% in the first few months of this year.

The difficult Italian macroeconomic climate further strengthened consumers' attention to the price component, often bringing about a change in consumption habits, which were directed towards the use of alternative communications services to those offered by the traditional operators. The pressure on retail prices was further increased by the reduction in regulated tariffs.

While the residential market obviously suffered from the shrinkage in disposable income and high levels of unemployment, the business market was even more strongly affected by the crisis, since the credit squeeze and the fall in consumption led to a substantial drop in the number of companies and their investments, including in ICT.

The macroeconomic profile of the three years just begun looks as if it offers better prospects. The most reliable estimates indicate signs of recovery for the Italian economy, pointing to a cumulative overall growth over the three year period of almost three percentage points. We are expecting the recovery in employment and family income to be later supported by the reforms to the employment market and those aimed at lightening the tax pressure.

In Brazil we have a different picture. The Brazilian economy, while growing at a less sustained rate than those recorded up to the end of 2010, continues to develop in nominal terms.

An important feature of that market is the qualitative inadequacy of certain infrastructures, among them the fixed telecommunications networks which, with the exception of those that have been developed in the last ten years, are not comparable with those of the industrially more established countries.

To reduce this gap, Tim Brasil has gone back to committing to strengthening its infrastructures, in order to recover its traditions of quality and availability of mobile network services throughout the country.
Although strategic acquisitions have allowed us to make considerable progress in the
development of the backbones and urban fibre optic networks, on the other hand they have
set us a significant challenge of technological integration which has not yet been fully
completed. While continuing with the work which we have done in the second half of 2013,
we will continue to be strongly committed to the development of mobile broadband
networks.

We now come to the relationship between the telecoms market and regulatory policies. Our
sector is going through a phase of great transformation brought about by the digitalisation
of the country and the economy, which requires large investments. Faced with this, we
have to record that regulatory policies have had a heavily negative effect on the balance
sheets of all businesses in the Italian telecoms sector, significantly reducing turnover,
margins and cash generation.

Under the influence of European policies, prices for mobile terminations and roaming
have been further reduced. All this has been accompanied by action by the Italian
regulator which has caused significant reductions in the prices for unbundling.

The reduction in wholesale tariffs has fed into the shrinkage in retail prices. According to
Istat data, since the beginning of 2013 the prices of mobile telephone services have
reduced by almost 18 percentage points, contributing to the containment of the general
consumer price index.

This regulatory and competitive model, focused principally on the price variable, is ill-
adapted to supporting the sector in the important challenges which we have to confront.
Regulation really should make it possible to speed up investment as fast as possible in
fixed and mobile access networks, thus promoting the transfer of economic activity to new
digital platforms.

On the other hand, we should bear in mind that the development of IP networks is
generating a great wealth of services which can be used through the networks, but are
typically provided by other parties ("Over-The-Top" services), which make use of all the
positive external effects of the networks themselves.

It is also for this reason, and not only due to the effects of the grave economic crisis, that
in the last three years the main operators, not just in Italy but also in France and Spain,
have experienced significant contraction in margins. This even occurred in Germany,
where the telecommunications sector was able to benefit from a decidedly more favourable macroeconomic climate.

In this framework, I wish to point out the further difficulty of making some of these regulatory decisions compatible with the efforts required in terms of investments necessary for achieving the objectives fixed by the European Digital Agenda.

It is therefore essential that the European and Italian regulatory framework should evolve taking these requirements into account, thus allowing greater operating flexibility and a return on investments in network infrastructures appropriate to the risk borne.

The necessity and urgency of redefining regulatory policies is, in fact, now at the centre of the debate. Against what some people have described as "regulatory populism", we oppose a vision which puts innovation and Europe's recovery of competitiveness in world markets at its centre.

Our hope is that this new regulatory model will take shape and gather strength, outlining a roadmap for the national authorities. Italy can play a strategic role in this game: the six months' Presidency of the European Council offers us an important opportunity.

The development of new generation networks represents in any case such an important project for the Italian economy that at the end of last year the government decided to check whether the country was actually capable of achieving the objectives of the Digital Agenda. I believe that the report drafted by Francesco Caio, who has a profound knowledge of the sector, gives a clear indication of the credibility of our projects, pointing out at the same time that the achievement of complete coverage of the country in 2020 with ultra broadband networks requires that private investments should be complemented by public intervention, concentrating on the infrastructural development of just the areas where the market has failed and on digitalisation of government agencies.

Clarity of objectives and harmony in the actions necessary for achieving them are therefore indispensable. The regulatory front must provide a framework of rules to guarantee certainty for the present and the future, which can facilitate investment.

In Brazil, too, there is a discrepancy between certain measures adopted by the regulatory authorities and the need for investments, which are indispensable for addressing the growth in demand for mobile broadband services and the coverage obligations associated with the assignment of frequencies.
The plan for improving the quality of service, developed by TIM Brasil, started in 2012 and approved by the Regulator, has entailed massive investment for expanding coverage, capacity and network availability. These interventions have had as their effect the reduction of complaints, and compliance with the parameters of quality of service, ever more stringent, imposed by the sector authority. The reduction in the value of mobile termination rates established by Anatel will lead, furthermore, to a substantial reduction in interconnection revenues in the period 2013-2015.

Added to that is the fact that the number of frequencies made available to mobile operators is not sufficient to satisfy the growing demand, especially in metropolitan areas. A decisive factor in this direction will be the allocation of the frequencies of the so-called Digital Divide, which in Brazil will affect the 700MHz band – which is shortly to be put up for auction. The use of these frequencies will give a boost to the spread of mobile broadband services even in the extra-urban and rural areas, typical of the Brazilian landscape. In this connection, it is necessary for frequencies currently in use to be freed up for television broadcasters on sustainable terms, and without coverage obligations which will require an unreasonable rise in investment.

Let us return to Italy and take a look at the dynamics of the mobile market, where in 2013 the lead player was the hyper-competitive attitude of the operators. The achievement of objectives connected with the size of the customer base became ever more important in order to maintain unchanged the cash generation of those players who, in an already saturated market, reacted by massive use of the price lever.

This dynamic, as I have already said, found fertile terrain in the macro-economic crisis, for the increased sensitivity of customers to price, and amplified the loss in value of the traditional components (voice and SMS), which were already threatened by internet services that replaced them and were free of charge.

The economic result of the price war is clear for all to see: the dynamic induced by the "low-end" operators, whose positioning is entirely based on economic convenience, had the practical result of a violent reduction in tariffs and therefore in the ARPU of all the operators. TIM has recorded a fall in revenues, like all the players in the market, but in an extremely complex climate it has gone back to being the leading Italian mobile operator, by pursuing the only way possible for the sustainability of the sector, i.e. offering premium services.
The recovery factor represented by the innovative components, particularly mobile broadband, has not yet, however, been able to compensate for the reduction in turnover of the traditional component, and it is clear that the dynamic of the mobile telephony of the future cannot continue to be based solely on revenues from traditional services. The broad spread of new devices characterised by high processing capacity, and the development of new products and modes of consumption (content watched in multi-screen mode, high definition video etc.) require increasingly high-performance and sophisticated ultrabroadband networks. Quality is therefore, increasingly, the fundamental element in directing consumers' choices in mobile broadband and in reinforcing a distinctive positioning capable of distancing us from the risks of pure price competition.

For this reason, TIM decided to speed up the creation of its own fourth-generation network, reaching a position of absolute leadership in 2013 and laying the basis for exploiting this competitive advantage in 2014, by creating portfolios of offers strongly focused on 4G mobile connectivity. A significant part of the three-year programme for the creation of ultra broadband infrastructures launched in 2013 was, in fact, dedicated to LTE/4G technologies. This led to a coverage which, already at the end of the year, reached 624 cities (49% of the population). By the end of 2016, LTE/4G coverage will reach all cities with more than 35,000 inhabitants, thus making it available to more than 80% of the population.

The acceleration applied to investments in new generation technologies therefore serves to interrupt the negative spiral characterised by exclusive attention to price. Telecom Italia's commercial offers will be the best offers available on the market in terms of quality-price ratio (i.e. in terms of value for money), but not necessarily those with the lowest tariffs. That is terrain which we leave to other competitors, who are not able to follow us on quality.

From this point of view, the improvement in the general macroeconomic picture offers a great opportunity. Through the offer of higher-value services we intend to capture part of the increase in availability of spending power which families devote to communications services.

The strongly deflationary dynamic of prices of mobile telephony has also had a determining impact on fixed telephony, increasing the propensity to abandon the line, especially in cases where it is not accompanied by broadband.
The tendency to a reduction in fixed lines is a trend affecting all the European companies: in 2013 Deutsche Telekom lost 970,000 lines (-4.3%), France Telecom 825,000 lines (-4.0%), British Telecom 600,000 lines (-4.5%), Telefonica 635,000 lines (-5.5%). Telecom Italia saw fixed lines reduce by 768,000 units (-5.5%) over the course of 2013, with a percentage which puts it in the upper medium band of countries in central Europe, principally because of the lower penetration of broadband among the Italian population. The reduction in fixed lines is linked to the rationalisation of expenses on the part of families and the structural slow-down in our market compared with other European countries as regards broadband penetration. Our plan provides for fundamental action on both factors.

As regards the first factor, we are pressing ahead strongly with a convergent business strategy, working both on integrated connectivity solutions and fixed and mobile telephony such as TIM SMART - and by starting innovative partnerships, such as those for premium TV services over IP with SKY.

The second factor will be radically confronted by the conversion of ADSL broadband into fibre ultra broadband. In this sphere, the Caio Report, in evaluating operators' investment plans, has confirmed the key role of Telecom Italia in the development of a fixed ultra broadband platform with national coverage, as our fibre network will serve at least 50% of fixed lines by the end of 2016.

We also expect from the recovery of the macroeconomic picture a positive influence on the fixed line market, not only on the Consumer front but also and especially on the Business segment, because the restart of investment by the Italian productive system and the digitalisation of government agencies will be concentrated precisely in the sphere in which Italian businesses show the greatest delays and the largest competitiveness gaps: ICT technology.

Let us now dwell on investments and the financial component of the Group. As I mentioned at the beginning of my report, the 2014-2016 Plan represented a radical change of perspective compared with the past. The business vision, based on investment and innovation, has become the fulcrum around which the development of Telecom Italia revolves, while the financial vision has become the means through which to achieve this objective, at the same time ensuring a further reduction in debt.
In the course of the next three years we will be investing in total almost 14 billion euros, more than 9 billion of which will be in Italy. Of these, as we have already announced, as much as 3.4 billion will be destined specifically for the Italian innovative component – a value which is more than double what was specified in the previous Plan. This means that Telecom Italia has the ambition and the strength to transform the country’s telecommunications networks with a plan which will bring our customers advanced services and high speed connectivity on both fixed and mobile networks.

In order to pursue these ambitious business objectives, along with our constant commitment to debt reduction, we have decided, as is well-known, to strengthen the Group's equity by two billion euros. The transactions which we identified for this purpose were the issue of mandatory convertible bonds for 1.3 billion euros, which was effected last November, and the sale of the stake in Telecom Argentina for about 700 million euros, of which we have already received the first tranche and we are awaiting the necessary authorisations to complete it.

This strengthening of the capital structure will be joined by other extraordinary transactions which, pursuing an industrial logic, will increase the liquidity of the Group by a further two billion euros, and will involve the mobile transmission towers in Italy and Brazil, as well as the television broadcasting infrastructure. Regarding the latter, we have just carried out an operation to integrate our MUXes with those of the publishing group L’Espresso, as described to the market last week.

To confirm the need for sustaining the development of the infrastructures and to keep attention focused on debt reduction, the Board of Directors has decided to propose to this shareholders' meeting the distribution for 2014 of only the minimum dividend on savings shares, so as to achieve a strengthening of the Company's own financial means by about 300 million euros.

Notwithstanding the renewed business perspective, in the recent months of October and November two rating agencies, Moody’s and Standard & Poor’s, decided to reduce Telecom Italia's credit rating.

In spite of these downgrades, Telecom Italia has confirmed its full capacity for accessing the capital market, as shown among other things by the success achieved by the bond issue completed in January and placed at a cost much lower than the average cost of the debt (4.6% vs 5.5%).
As regards the share market, the signals were decidedly favourable, belying the fears connected with the presumed effects of the rating downgrade.

From the presentation in August of the results of the first six months of 2013, which coincided in time with Moody’s negative credit watch, until the end of last year, Telecom Italia’s shares reversed their tendency, recording a growth in the listings of almost 50 percentage points, while in the same period the European telecoms index appreciated by 20 points and the FTSE MIB by 15.

From the presentation in November of the Business Plan to today, recommendations by brokers with a BUY rating constantly increased until they reached 50% of the total, with an average target price which had risen in a few months by more than 25%.

All the work done so far finds a response in the increase in the listings of our ordinary and savings shares of 42% and 29% compared with the values which they recorded a year ago, on the occasion of the previous Shareholders’ Meeting on 17 April 2013:

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Moving on to the economic/financial results achieved by the Group in 2013, Telecom Italia's revenues, excluding the contribution of the Argentina Business Unit, amount to 23.4 billion euros, down on an organic basis by 5.2% year on year. The negative performance of the turnover is due to the trend in the Italian market. TIM Brasil's revenues registered an organic growth of 6.2%, reaching a value of about 7 billion euros.

Organic Ebitda amounted to 9.75 billion euros at the end of 2013, down by 7.6% year on year, with a margin on revenues of 41.6%. On this last metric Telecom Italia continues to represent a benchmark of excellence compared with its European peers, both at Group level and at domestic level. On the Italian market, in fact, Telecom Italia closed 2013 with a margin on revenues of 49.1% compared with the 36.6% of Deutsche Telekom, the 32.5% of Orange, the 37.1% of British Telecom and the 48.4% of Telefonica.

On the subject of investments, the Group Capex was 4.4 billion euros. I want to remind you that in Italy in 2013 we invested over 3 billion euros, with growing revenues compared with the previous year of 18.8%. Still in Italy, in 2013 our investments in telecommunications networks were 1.8 billion euros, of which a good proportion
concerned the innovative component such as fibre and LTE. We also invested 800 million euros in Information Technology and the Cloud.

To give scale to the economic importance which Telecom Italia has for our country, you need only think that a percentage close to 90% of our total domestic spending on external goods and services in 2013 concerned Italian companies, with a total of almost 8 billion euros between OPEX and CAPEX. Add to this, again just for the domestic market, about 2.7 billion euros of personnel costs and about 750 million euros in tax payments. The total of our contribution to the Italian economy for the past year therefore exceeded 11 billion euros (more than 0.7% of national GDP).

On the operating cash generation front, in organic terms Group Ebitda minus Capex reached 5.3 billion euros, approximately 92% of which was produced in Italy (4.9 billion euros). I want to emphasise that our Group boasts the highest operating cash generation of the entire European sector, equal to 22.8% of the total 2013 turnover compared with the 14.2% of Deutsche Telekom, the 17.1% of Orange, the 19.9% of British Telecom and the 19.3% of Telefonica. Considering just the domestic perimeter, Telecom Italia is positioned at 30.4%, producing in absolute terms more cash than Deutsche Telekom generates in Germany.

I wanted to run through with you the key stages in 2013 and the most important events of the last few months of operation, not just to give an account of what has been done and the results obtained in a complex macroeconomic, regulatory and market context, to say the least of it. I did it especially to talk about the richness in terms of commitment, challenges, planning and knowledge which characterises Telecom Italia.

As I said at the beginning of this address, today's shareholders' meeting represents the synthesis of a path which establishes a turning-point for our Company. 2013 enabled us to reflect on the methods with which the vital bodies of this company have to play their role; the outgoing Board of Directors foreshadowed a Governance which will be able to become an international example.

This shareholders' meeting must be the place where the shareholders rediscover the will to reunite around a project, which is the Telecom Italia project.

We have prepared a clear and innovative strategic plan, capable of generating value for all the stakeholders and contributing proactively to the progress and wellbeing of our
Company. It is a plan founded on new generation infrastructures and on the convergence between fixed, mobile and cloud-computing technologies.

I have presented this plan to the financial community, which has enthusiastically welcomed it, and now we are implementing it with discipline, continuity and commitment. Now, our energies must be concentrated in a single direction: the one which will allow us to further increase the value of our company and of our shares.

We must continue to aim at innovation, at modernisation of the infrastructures, at simplification of the networks and at selection of partners of excellence. We need to invest in our people, in our collaborators: an asset to make the most of and not a weight from which we must free ourselves. We must go back to recruiting young people. Recruiting young people means bringing new ideas, new skills and new energies into the company. It means transferring knowledge between generations, building a bridge between today and tomorrow. It means growing, having a convergent interest with that of the country.

But each individual step towards growth must be able to rest on a solid base, and this cannot be other than the rediscovered harmony between the shareholders, the essential condition for giving concrete form to the future of Telecom Italia.

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Next, the Chairman:
- reiterated the items on the Agenda of the Shareholders' Meeting, including:
  - Financial statements as at 31 December 2013 – approval of the documentation on the financial statements – related and consequent resolutions
  - Distribution of the privileged dividend to savings shareholders by using reserves – related and consequent resolutions
  - Report on remuneration – resolution on the first section
  - Appointment of the Board of Directors – related and consequent resolutions
  - Appointment of the Chairman of the Board of Directors by the Shareholders' Meeting
  - Supplementary remuneration for the Board of Statutory Auditors - related and consequent deliberations
  - Stock option Plan – related and consequent resolutions
- with regard to the first point on the agenda, he announced that the fees of the independent auditor PricewaterhouseCoopers S.p.A. had been as follows:
  • for auditing the Financial Statements of Telecom Italia S.p.A. for the year 2013: 816,600 Euros for a total of 12,960 hours;
  • for auditing the 2013 consolidated financial statements of the Telecom Italia Group: 157,300 euros for a total of 2,468 hours;
- he also reported that the fees for auditing the internal controls pursuant to section 404 of the Sarbanes-Oxley Act for 2013 FY were 829,360 Euros for a total of 13,562 hours. These fees comprise – in compliance with the criteria fixed at the time by the Shareholders’ Meeting for adjusting the fees of the external auditor during their appointment for the nine year period 2010-2018 – additional charges of 75,000 euros, for a total of 898 hours, to be paid to PricewaterhouseCoopers S.p.A. in relation to additional auditing procedures, connected with the auditing of the internal controls governing the process of drafting the consolidated financial statements of Telecom Italia, pursuant to section 404 of the Sarbanes-Oxley Act (SOx 404). In particular, these procedures were performed subsequently to the conclusion of the implementation of the new systems for handling the consolidated financial statements and internal reporting (SAP BPC and Tagetik);
- he stated that all the amounts indicated above did not include direct expenses and secretarial expenses, which must be added to the cost, and VAT;
- in relation to the second item on the agenda, he recalled that the Shareholders’ Meeting was called to resolve on allocating to savings Shareholders the privileged dividend in the amount of 0.0275 euros per savings share;
- in relation to the third item on the agenda, he recalled that the Shareholders’ Meeting was called to express its view on the Company’s remuneration policy;
- with regard to the fourth and fifth items on the agenda, he recalled that – as per press notice and publications issued in compliance with the applicable legislation – three slates had been presented within the time-limits and following the procedures required by the Bylaws. Proposers of slates and candidates were listed in the document received at the entrance by attendees, accompanied by the summary notice of the proposals that had been received, as published by the Company;
- he pointed out that, in this connection, the Shareholder Telco had proposed:
  – that the number of members of the Board of Directors should be 13;
that the Board of Directors which was to be appointed should have a term fixed at
three financial years, and therefore until the Shareholders’ Meeting called to approve
the financial statements for the year ending 31 December 2016.

that 1,900,000 euros should be set as the total annual remuneration of the Board of
Directors in accordance with art. 2389, subsection 1 of the Italian Civil Code, on the
assumption of a Board made up of 13 members, to be divided between the Board
Members in accordance with the decisions to be taken by the Board itself;

to authorise its own candidates to serve on the Board of Directors to continue the
activities indicated in their respective curricula vitae and in any event, with respect to
these activities, to release them from the prohibition on competition, pursuant to article
2390 of the Italian Civil Code;

to appoint Giuseppe Recchi as Chairman of the Board of Directors, subject to his
election as a Board Member;

he pointed out that Shareholder FINDIM GROUP had proposed:

that the Board of Directors should be made up of 11 Members;

that the Board of Directors should be appointed for three financial years and until the
date of the Shareholders’ Meeting to approve the financial statements for the year to
31 December 2016;

that, subject to his election as a Board Member, Vito Alfonso Gamberale should be
appointed Chairman of the Board of Directors;

with reference to item 6 on the agenda, he recalled that the Shareholders’ Meeting was
called upon to express its view on the allocation to the Statutory Auditors, to supplement
the remuneration for their office already established by the Shareholders' Meeting of 15
May 2012, of an individual attendance fee for each meeting which each of them has
attended in excess of the 24 meetings per year, or two meetings per month, in the event of
a period of office less than a year;

with reference to item 7 on the agenda, he recalled that the Shareholders’ Meeting was
called upon to express its view on the approval of the 2014 – 2016 stock options plan (the
subject of a special information document).

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The Chairman then invited the representative of the shareholder Findim Group S.A. – which had requested a supplementary item to be added to the agenda of the day’s Shareholders’ Meeting for the appointment of the Chairman – pursuant to the Regulations for the Shareholders’ Meeting, to make a short speech to explain the reasons for its request. Mr Fossati then took the floor; he emphasised that the purpose of his speech at this meeting was to provide evidence of the consistency of the request advanced with the path that had been started on 20 October last year leading to a necessary change in the governance of the Company in the direction of a Public Company, and more generally of the need for a relaunch of the Company. As for the profile of the governance, he emphasised, it was therefore Findim's duty that day to request that the election of the Chairman should take place at the Shareholders’ Meeting with all shareholders being able to vote, as the first step in the aforesaid direction, a step which, besides, could have been taken by the Board of Directors which in this had demonstrated its own failure. He then explained the reasons for the proposal, based on Findim's conviction that the Chairman represents the maximum expression of the interests of the entire shareholder body and thus a guarantee in relation to all the shareholders and the market, and it was therefore inappropriate that the Chairman should be elected by the Board of Directors – which, on the contrary, did not represent all the shareholders but only some of them. Furthermore, from the legal point of view it could be held that the Chairman could be recalled only by those who had appointed him, and this was a further reason, in Mr Fossati's view, to put the choice to the Shareholders’ Meeting, the most representative body, he repeated, of the interests of the shareholder body and of the market.

Believing for these reasons that it was appropriate to have an agreed appointment of the Chairman, he continued, Findim found itself with the need to propose a slate of its own, since Assogestioni, due to its own internal regulations, did not have the possibility of proposing the Chairman; the presentation of this slate, therefore, should not be taken as a sign of conflict, which would not have been consistent, Mr Fossati emphasised, with Findim's conviction that the company needed a relaunch, for which it was necessary that the market and the shareholder body should act together in support of the Board of Directors which would be appointed, irrespective of the persons who were elected and of the slates from which they were drawn. He then assured the meeting of Findim's full support for those who would be appointed Board Members and Chairman, in order that a
new era could open for the Company, marked by the relaunch, by the cessation of conflicts and by the transformation of the governance in the direction of a true Public Company which does not report to a majority shareholder but to the market. He then repeated the hope that the time of conflicts of interest was over and that there would be a return to concentrating on business: the market had great expectations with regard to the new Board of Directors and the new management, which would therefore carry a great responsibility. Findim, he continued, intended to play its part, avoiding conflicts, which would lead to no benefit to the Company, but being ever watchful to see that conflict of interest situations did not arise; if they did arise, the shareholder would be prepared to call once more for the revocation of the Board of Directors. For Mr Fossati, Findim intended to unite and not to divide, but at the same time he wanted concrete results to be obtained and above all the relaunch of the company, which was an important operator in the national system. He hoped that the demands for a change of governance would be more closely listened to in the new Board, including through the proposals of Ms Calvosa, always with a view to a collaborative and conciliatory spirit, which would overcome the conflicts of the past; he appreciated in this regard Telco's decision to put forward a slate of candidates characterised by independence and hoped that this independence would be matched by deeds, with a Board of Directors working in the interests of the market and not of individual shareholders. The relaunch of the company, Mr Fossati concluded, could have as its slogan “great responsibility, great agreement, great unity” and should move to a return to themes connected with business, which was the reason why Findim had proposed candidates of great competence, who could contribute to the creation of value and the relaunch of the company. He finally expressed his confidence in the possibility of achieving a turnaround and wished the management success in their work and for the shareholders in future to be cohesive and united.

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The Chairman then again invited those in attendance who intended to speak on the matters on the agenda of the ordinary session of the shareholders’ meeting to book, and urged them when speaking to stick to the topics on the agenda. He reminded them that the maximum time available to each speaker was set at 10 minutes. He then opened the debate.
Mr Davalli, having introduced himself as a shareholder of many years’ standing and an active participant in shareholders’ meetings for the last three years, stated that he followed the affairs of Telecom Italia carefully and – not wishing to repeat what he had said in past shareholders’ meetings or to deal with topics which would recur in subsequent speeches – expressed the conviction that Mr Patuano would certainly be reconfirmed and that he would be able to work without being influenced by Telefónica or Telco - a company which indeed the shareholder wished would be broken up – considering him an excellent manager worthy of respect, as also was Mr Lombardi – whom Mr. Davalli encouraged to continue with his initiatives – and Ms Calvosa, who had done an excellent job in the last few years. He then dwelt on the strategic plan and, stating that he agreed with the speeches of Mr Fossati and Mr Patuano on the need for unity, invited the management to concentrate on business and not on governance, on strategies and not on internal warfare, on building a company in which to invest and not one from which to escape. He asked that the Chief Executive Officer should indicate a target price at the end of the three-year plan, a plan which, the shareholder emphasised, envisaged important innovations and winning strategies as well as investment in start-ups, and therefore appeared overall to be a good plan, which aimed at quality rather than discounts.

Ms Mauro, having introduced herself as a member of the administrative staff of Asati, read out the first part (and in particular the paragraphs Introduction, 1 and 2) of the Report by Mr Lombardi, Chairman of Asati, for which see the next speech.

Mr Lombardi, Chairman of ASATI, read and commented on (in relation to paragraphs from 3 to 8) the speech which was then delivered to the Chairman's desk and is reported below.


INTRODUCTION
Notwithstanding that Asati represents 6,000 small shareholders, today it is not possible to represent them at the Shareholders’ Meeting, because of the cumbersome mechanisms for collecting proxies, fixed in outdated laws which in fact obstruct participation by minorities. During the period for collecting proxies, in spite of positive input from Consob, the ABI (Italian Banking Association), notwithstanding our repeated appeals, did not take practical action either to simplify the operation of collecting proxies and attendances at the shareholders' meeting, or to counter those institutions which demand disproportionate sums for issuing tickets to attend the meeting.

Because of the strict time-limits imposed by the iron regulations of the shareholders' meeting, the speech by Mr Lombardi, chairman of Asati, will be divided into two parts, the first read by me and the second by Mr Lombardi, and will focus on the following points:

1. Summary and principal themes of the TI 2014-2016 business plan (Ms Elga Mauro)
2. Some suggestions for the TI business plan from the Asati studies office (Ms Elga Mauro)
3. Truce and calm, essential conditions for the Company's resumption of development (Mr Franco Lombardi)
4. What successive Boards of Directors, Statutory Auditors and independent auditors have produced as end product and the principal results in the period 2008-2013
5. The deafening silences of Teléfonica and the Government, guests made of stone
6. Will the new Board be better than the previous ones?
7. Conclusions
8. Questions

1. MAIN POINTS, SUMMARY OF THE TELECOM ITALIA 2014-2016 BUSINESS PLAN, SOME OBSERVATIONS AND COMMENT ON THE COMPANY’S LATEST AGREEMENTS

We do not want to carry out a complete critique of the TI plan, but simply to highlight the points of the plan which Asati agrees with, asking questions where there is less agreement, so as to understand and have complete agreement on the proposals adopted by the plan itself:

- Reference is made in the plan to the stabilisation of revenues and Ebitda for the plan period, however this phrase with the wording a "digit" has always meant in the last 6 years, and in the last 16 quarters, always minus signs comprised between -4 and -8%;
- Containment of network costs with related restructuring, fine, knowing the details;
Sale of Argentina which occurred at the end of 2013, we criticised it, but perhaps Mr. Martinez of Finteck is not an inexperienced engineer; we will see, then, in future, who was right, anyway it happened. We note it only because we expect the cash in 2014;

Rationalisation of industrial spaces and buildings. The sale of Via Negri took place in 2014 but we mention it only as an example. In Via Negri there was a building belonging to TI of about 11,000 m², in a very valuable area of the city, for anyone who knows Rome, around Piazza Esedra or Piazza Barberini. This building was sold for 75 million euros, i.e. at 6,400 euros per m² (value in line with the market), and then leased back at 4.5% (a value which would have been in line with the market if it had been at 4%, but it's all right anyway), with a 12+9 year contract, on net lease terms, in other words with the non-scheduled and scheduled maintenance paid for by the new tenant, TI, the former owner, (this is absolutely not all right), because the non-scheduled maintenance should normally be paid for by the proprietor and this could be worth a bit less than half a percentage point. However, now we non-experts in finance ask whose DNA is on it and the answer is Mr Peluso, an excellent manager, but if the annual rent which TI will have to pay is about 3.8 million per year corresponding to 76 million after 20 years, i.e. at the end of the contract, if the contract were to be renewed after 12 years, then because such a small sum of money cannot be borrowed, I think, at the same rate or slightly less. We do not see the real benefits of selling a strategic asset such as the telephone exchange part of a building. Following this procedure in the period 2003-2006 has already created disasters and will create more in the company's financial statements. There is also another delicate question about the 12+9 contract: we do not know the renewal clause in the contract, whether it is potentially free. Already from 1980 onwards in SIP but then continuing in the subsequent years, permanent work groups were set up to reduce the number of exchanges, of which there were 10,000. Today the number is almost the same. It was not possible, as they still exist today, to suppress the same problems: perhaps it is possible to resolve the problem of supplying power to the equipment at the subscriber's home and the main distribution frame, which would require huge investment. So even though it was thought in the past that the arrival of fibre optic terminations could theoretically bring the number of exchanges to 1,700, nothing was done and indeed today with FTTC which aims to provide power supply from the exchange, the verdict is that nothing will any longer be done about this. This being the case, if the new purchaser of


these sites where the exchange is located increases the rent after 12 years, or gives notice, what will Mr Opilio do (unlike his predecessor who advised his former bosses very badly, having created a disaster with the Magnum Project), in the full knowledge that the property will not be freed at least while he is still in service at TI? Our advice is to consider extending agreements such as the one with Vodafone "Sharing 2.0" for sharing spaces between several operators; instead of having this process of optimisation of spaces done by others, let's do it in house, hopefully with purpose-built structures and companies. The towers will always be needed at TI, they will never be put out of use.

- Announce of sale of the towers: the above discussion applies. The towers and infrastructures for mobile phones currently number about 15,000, of which about 1,000 are at high density of occupation by TI. We are against the sale, for the reasons set out above, but if we absolutely must sell because Mr Peluso demonstrates to us that otherwise the company will go bankrupt, then the conditions must be as follows:
  - Duration of contracts not less than 20 years;
  - Rent not more than 4%;
  - Non-scheduled maintenance at the expense of the new proprietor and not net lease: all too easy for the purchaser;
  - Tim Brasil for now is not for sale "but if a jumbo offer arrives" we will assess it; for us the jumbo offer is valuing Tim Brasil at not less than 20 billion euros, not the much lower numbers which are going around these days. It could potentially turn out that our principal business partner Telefonica is behind these numbers!
  - It is fine to have a considerable reduction in debt till we get to 2016 with a debt/Ebitda ratio of 2.1, starting from the value at the end of 2013 of 2.8. Excellent, but if the ordinary operation of TI, without the input of extraordinary sales, produces a maximum of about 1.3 billion per year which is to be devoted to debt reduction, we ask ourselves must a miracle occur to find a few billions more without the contribution of Argentina, or are we wrong, I wish we were, we apologise if we have misunderstood;
  - Fine, new dividends will be distributed for 2014, fine;
  - Fine, solidarity days for employees are reduced from 2012 to now, and it is fine that they will finish in 2015;
  - There is no talk about PIP for employees, for example it was not paid in 2013, while MBOs (Management by Objectives) were paid and this is not fine;
- FTTC and LTE development Plan in Italy, fine, provided it is compatible with available resources;
- Stable investments in Brazil should be increased, compatibly with the Company's cash flow;
- Recruiting 2,500 young people is excellent, provided the 50-year-olds are not put on the scrap-heap, seeing the high average age of the workforce;
- There is no talk about movements in the share price, even though we believe that, being still heavily penalised, the shares having moved today from about 0.5 to 0.88 in the last eight months. with this plan and putting our hearts into overcoming the obstacle, we could have a target price of around 1.1 euros;
- There is no talk about the verdict of the ratings agencies, which today rated TI one of the worst operators on the DJSTOCK index: is it important or not also with reference to the cost of the debt?
- Share ownership plan for employees, the new plan is fine, the next launch will be by the end of September, provided that it takes place every year to take shareholding by employees from a poor current 0.4% to at least 3% like the best European countries;
- Personnel: the new human resources manager has done well in a few months; we mention some things with which we agree: the almost complete elimination of Corporate POs and responsibility in the operating lines, the start of a new reorganisation in staff lines is fine, as is acceptance of our advice on access to financing resources for employees by subscribing shares with severance pay, and inserting into the assessment scorecards of executives the opinion of their collaborators. I proposed it for the first time to Bernabè three years ago, let's hope that after three years it will become a reality.
- Excellent news about the two agreements between TI and Sky for TV over Internet and the agreement between TI-Media and L'Espresso on merging the multiplexes, creating the first digital terrestrial operator;
- Excellent to hear the recent declaration from Mr Patuano "we are no longer doing anything about spinning off the network". Today we are in agreement with him: we had proposed it at the time but the conditions have profoundly changed;

2. SOME SUGGESTIONS FOR THE TI 2014-2016 BUSINESS PLAN FROM THE ASATI STUDIES OFFICE
- What could be strengthened in the TI plan is the input of ideas and suggestions in the field of added-value services to increase revenues in the domestic market. In the Findim plan, in which we collaborated, there are hints and ideas on a wide scenario of innovation on the subject. It is good that there are meetings between Patuano and the executive directors of Qualcomm and AT&T, a national leader which with a turnaround and starting from positions in 2006 similar to those of TI, now has revenues of 100 billion dollars in new services.

- The shareholding in TIM Brasil must not be sold unless there arrives a "jumbo offer of not less than 20 billion euros" for the whole company, as mentioned earlier; lower values would create critical economic-financial equilibrium soon after 2018, especially when the sale of Argentina has taken place. Investment must be increased by at least 1 billion, and a strong commercial agreement made, or better yet a share swap with GVT to make a national fixed-mobile leader, which will overcome the competitors Vivo and Claro;

- a spending review in TI itself is also indispensable, the chauffeur-driven cars should be scrapped for everyone except the Chairman and CEO, the Board members and statutory auditors should go to meetings in their own vehicles or by public transport, business travel, hotels and meals should be reimbursed, meetings and conventions should be held on company premises, solidarity contracts should be abolished, the PIP should be reinstated as soon as possible, drawing on resources, at least for the first two years, even partly from a more selective MBO policy, asking executives and top managers with salaries of more than than 100,000 euros, with their consent, to contribute, to pay into a fund for their own employees according to the following scale:

-100,000-150,000 band, 20% of the part over 100,000 euros;
-150,000-200,000 band, 30% of the part over 150,000 euros and 20% of the part over 100,000 euros;
-200,000-250,000 band, 35% of the part over 200,000 euros and as above for the previous parts..
-over 250,000, 40% of the part exceeding 250,000.

Example of development of new services and synergies. We will give here only one example with possible synergies with Poste Italiane (the National Postal Service):
Telecom Italia must recover the relationship with the territory which Poste Italiane has kept. A great Telecom-Poste agreement could thus be based on:
1) Sale of Telecom services through Post Offices
2) Activation of Telecom services at the customer's home (or at their offices) through "electronic postmen"
3) Integration of Telecom and Poste offers in their respective clouds
4) Defining certain services to be sold jointly:
   - smart city
   - e-health
   - dematerialisation of paper archives
   - wi-fi in schools
   - money transfer
   - mobile applications
5) Telecom-Poste collaboration in Brazil and in other countries.

On Telecom Italia Sparkle (TIS), renew Sparkle and revitalise it with our proposals. The principal critical issues of TIS seem to be as follows:
- The services offered by TIS are substantially transport services (Voice, IP, MBW and MNC)
- The principal IP service is transit, which for some years has not been economically 'sustainable'. In many geographical areas the network costs are greater than the revenues and new business models based on content delivery will make the transit business even more critical
- Turnover and margins are voice-dependent and voice is progressively losing 'value'
- The margins are too closely 'linked' to the services offered at TI, TA and TBR
- TIS must therefore define new IP/Data services (Content/Application Delivery, Web Acceleration) and must increase the services offered to third-party customers, enhancing the network infrastructures and integration with information systems. The architecture of the TIS network, the technologies used, the platforms for the services and the information systems to support business are 'state of the art' and make it possible to 'easily' build new business models in line with the "IP wings" paradigm.

*For Sparkle, bearing in mind that on the basis of the market trend, the 'keep going' option does not seem sustainable.* The main objectives, in order to stay in the Wholesale market and develop the business, are: to define a new positioning in the short-medium term for the voice business, which takes account of the penetration of OTT VoIP services (such as
Skype), which cost zero (if PC to PC) or cost very little (if PC to phone). The positioning must evaluate services created with an OTT approach (WebRTC like), 'secure' services and new billing models (other than time and distance) for:

- Defining new wholesale IP/Data services to increase IP/Data turnover and margins (Content Delivery Network, services with billing based on event and transaction, security services on the IP backbone). Today Sparkle offers only the IP transit service.
- Replicating the success of SIP in the 1980s and 1990s when it created incubators in Latin America with a few hundred billion old lire which were later translated into large companies in almost all of those countries, such as Entel Chile, Stet Hellass, Telecom Argentina, Cuba, Tim Brasil, Bolivia, Peru, Turkey, with new incubators in India and Africa, where telephony is still very backward, and exploiting its leadership position in the Mediterranean, as Obama well said on his recent visit to Italy;

Specific suggestions on the business plan will be referred for supplementation as an example prepared by a workgroup of employee shareholders, members of Asati, as will be explained separately later by Mario Testini, an employee shareholder in the Asati secretariat;

3. TRUCE AND CALM ESSENTIAL CONDITIONS FOR THE COMPANY'S RESUMPTION OF DEVELOPMENT

Today with this shareholders' meeting, whatever the final outcome of the voting and the consequent decisions, there is a need to put an end to one of the most significant battles and lively clashes between controlling and minority shareholders, within listed national companies, which have characterised corporate life and which will be the subject of scholarly study. Certainly, the extreme liveliness of discussion, initiated in the shareholders' meeting of 20 December 20132 to remove the entire BoD, the addition to the agenda to appoint the Chairman at the shareholders’ meeting, the clashes and the different and isolated positions of certain "independent-minded directors", our complaints and the multiple interventions by Consob, did much good:

• to the future governance of the Company,
• to the share price,
• to shaking up the top management,

But if we do not start immediately on a common path of consensus and calm, we risk continuing a clash which will bring only damage.
Asati was the first organisation to denounce the conflict of interest of the controlling shareholder, right from the 2010 shareholders' meeting, page 66 of the minutes of the meeting; later there followed the intervention by Mr Toffoletto on behalf of Findim, and the complaints of the independent board members Zingales and Calvosa, see the board meeting of 16 Dec 2010, and board meeting of 5-7 Nov. 2013, battle positions on the potential sale of Tim Brasil and on Argentina.

The resignation of Bernabè.

All these actions also following the interventions of Consob and the Brazilian competition authority (CADE) made for the coming together of a series of elements of a "perfect storm", and it should be recognised that TE earned considerable merit in withdrawing Alierta and Linares from the Board, as well as Galateri, Miccichè, Pagliaro and Minucci then stepping down from the slates for the new board of directors precisely to defuse the overall climate, following the logic which should be sovereign for the Board as a whole, that "every board member must act transparently in the interests of all shareholders, there should no longer be a distinction between majority shareholders and minority shareholders": a shareholder is a shareholder and that is that.

The company now needs peace, calm discussions, no more arrogance, a capacity to listen even to the small shareholders if they propose good ideas; the business plan presented by the executive Directors is not a totem which cannot be touched: let us improve it and agree it all together.

I would like to dwell for a few seconds on Marco Patuano, the current CEO.

In these last few months he has held the line straight, at a time of great difficulty, operating effectively; he seems to be free from the need to defend the primary interests of the controlling shareholder and in particular TE, he has proposed with the good legal offices at his disposal a new proposal for governance which, it is true, is only a recommendation but if the people who will be elected are all ethically honest and work together towards a common objective, then and only then will the recommendation become reality and there will be far fewer quarrels and we will not go through a year of board meetings at times ridiculous and contradictory towards the market, which is anything but cohesion. We are convinced that Patuano will be able to welcome the useful suggestions from the minorities – and yes, we will be critical when we see decisions which we do not agree with but we will be with him if we see some of the "new people" on the board who have not come to
collaborate and work as a team, but solely to deliberately create difficulties for our Chief Executive Officer who today is called Marco Patuano. However, dear Marco, we are not distracted: you have had the merit of quelling for the moment the big clashes between majority and opposition without in practice having changed much over what the minorities had asked you to do. We, for now, will let you work in peace and quiet while waiting for the 2014 results quarter by quarter.

4. **What have they done, produced, the principal results of the Boards of Directors, the Statutory Auditors and Independent Auditors that have succeeded each other in the period 2008-2013, and what have been the costs of these structures?**

The current Board of Directors, and previous boards since 3 December 2007, was made up of personalities singularly from the top drawer academically, well-known throughout the world (you, Fitoussi, for the last nine years the oldest board member), top managers of corporate giants such as Alierta and Linares, experts in finance who were also well-known beyond the borders of Italy (Pagliaro, Micciché), representatives of Italian capitalism (Galatert), economists (Zingales, among the top 100 in the world), Sentinelli, you Mr Chairman Minucci (for the last 8 years), managers of proven experience in large international companies and frequenters of international think thanks, where proposals were decided on for action in the field of finance (Bernabè) as well as having a good knowledge of the oriental world, experts in media and TV such as Tarak Ben Ammar, and top managers of telecoms giants Alierta and Linares.

And yet all these illustrious personages, for lack of a common direction, of strong leadership, by making mistakes and accepting compromises on powers given to senior executives, have produced a very bad final result over the years. Results which have made all the shareholders lose enormous value. I observe that the share price was 2.17 euros on 3 December 2007, that it passed through a minimum of 0.45 euros and today, thanks to the considerable recovery in the FTSE (+30% in the last six months), to the dynamic action of the minorities to stimulate a change, and to the promptness of the action of the current CEO who, holding the line without uncertainty as to his powers, has proposed new governance, is around 0.9 euro.

Notwithstanding that declarations of cohesion and substantial unanimity at Board meetings were made to the outside world, in reality we witnessed scenes in that period
which it would be reductive to describe as Kafka-esque, often in contradiction in reality, with voices very isolated outside the chorus. Most of the time was wasted in squabbling and arguing, rather than in proposing new ideas for the development of the business, we do not hear that there were any, only finance and governance, and directors who should have given suggestions and advice to the CEO failed to do so.

We report only a few examples of these errors because we would like to put them on record for ever and to remember for the future:

- more than 12 months to expel the top managers of the previous managements who caused potential damage and did not keep watch correctly over corporate control, and then left with astronomical sums;
- fines in large numbers for Model 231 violations due to lack of controls and of implementation of regulations to prevent acknowledged illegal acts;
- sale of assets in order to protect the potential interests of the controlling shareholder, and in particular TE (see Hansenet), or errors of valuation (see the sale of a company of excellence, Loquendo, a European leader in voice recognition);
- the Deloitte report, a good decision taken in 2010, which provided an X-ray picture on illegal spying, false SIM cards, sale of faulty products and Sparkle, but excluded one of the main topics, "the sale of properties", which is clouded by mysteries which no one has ever revealed to us, but which even today is extremely current;
- a board meeting on 16 December 2013, of which there now exists the last and single witness present, who will not be standing as a candidate again, because he is not an opportunist, who took a stand for the liability action against the 2001-2006 senior management, in view of an opinion from one of the largest legal offices in the country, Erede Pappalardo, that "there would be grounds for proceeding, but there is no experience in Italy for such an action" so it is best to let it drop, notwithstanding also that besides Zingales, we hear that the CEO at the time said postpone the decision, but all the other board members sticking together without ever, we hear, having had sight of the report itself, which was over 400 pages long, but only a brief report by the lawyers, decided unanimously including Tarak, who it appears was absent at the time of the vote, that there was nothing in it, so it was best to leave it alone. In those same hours when the matter was being discussed by the 16 in the board meeting, Deloitte, advisor and independent auditor to the companies Tiglio 1 and 2 (companies to which numerous principal TI properties
were transferred) resigned from the appointment, as appears from the land registry certificates which we have seen. And then, mystery of mysteries, how was it possible that the same Deloitte was doing an audit on the correctness of the sales for which it itself was advisor and consultant? You, Laura Bignami, are now aware of this serious action which occurred, as requested by us, as long ago as 20 December last year!

- the sale of Argentina, which we would have wanted to avoid, at cash value, with a potential conflict of interest, not formal but substantial, between Generali and the Wertein family;

- the retrospective approval for the transaction over the mandatory convertible bonds in the strong presence of related parties between shareholders; to which two board members objected; not a Telco board member, the third we have never spoken to, perhaps he almost never spoke in board meetings or joined in very little;

- a board of statutory auditors which since the times of Mr Golia in 2007 has learnt of the large number of illegal acts only from the accusations by Asati, seems never to have realised that something in the running of the company was going badly or deserved censure;

- two firms of independent auditors in the last few years, Reconta Ernst Young and from 2010 onwards PricewaterhouseCoopers who certified in the past financial statements which later in 2010 were profoundly rectified and which therefore did not correspond to the truth, not truthful therefore potentially false and which we naively approved: have these firms never been asked to pay the bill for the damage which we suffered?

One of the positive things to indicate is the strong and effective behaviour of the two board members independent of the Chicago-Pisa axis who, described as "potentially Taliban" because of their attacks in the board meeting (and it was lucky that they were there), in a board meeting where Telco and its interests predominated, perhaps because of the time and distances, if they had tried to do more awareness-raising and teamwork to spread the word with the other board members, they would have made it possible in the last few months to obtain more, in other words:

- Abolition of the 4/5 in favour of the 2/3;

- Election of the Chairman in the Shareholders’ Meeting without Findim's request for an addition to the agenda

- The number of directors to be 11 and not 13
- Fine to introduce the new head of human resources, who we hear has recently started to introduce innovative ideas and new developments even at the start of a new organisational structure;

- Fine, besides for the reasons mentioned in the introduction, Patuano’s example of renouncing the increase in the salary in the period of assuming new responsibilities after the departure of Bernabè, and fine also the renunciation of all additional remuneration by Mr Minucci for the office of Chairman;

- the step-down at the end of 2013 by Alierta, Linares, Galateri, Micciché and Pagliaro should be indicated as a momentous act, fundamental for achieving a Public Company; it was a very positive action of which the merit should be recognised.

In conclusion the entire board of directors, statutory auditors, independent auditors and top managers who succeeded each other in the years 2008-2013 cost us over 150 million euros, including legal expenses, Deloitte and consultancies, with extremely disappointing results for the shareholders and also for the employees. This is a sum which makes no sense compared with the results obtained. And Muggins pays..

The costs of this whole structure will have from now on to be measured against the results, as all the costs deriving from it of the strategic resources must be measured against the actual results obtained.

5.1 The deafening silences of Teléfonica and the Government, guests made of stone

While appreciating the attitude of TE, even under pressure from the minorities, from the Brazilian Authority CADE and from Consob, to take a step backwards, I recall that at the 2010 Shareholders’ Meeting I asked Linares, who was sitting in the front row, what TE was doing in TI? TE has been found up to now to be the worst business partner for TI, as shown by the final results. Snake-oil salesmen talked about industrial synergies of 2-3 billion euros, lies, we have only seen a clear action of blocking and continuous control to prevent the development of TI, and only Asati at the time denounced the actions about which now, unfortunately, they say we were right. So assuming the breakup of Telco occurs soon, what does TE with its 14.7% want to do when it grows up? In my opinion the best thing is for TE to get out of TI and leave us free (if it had listened to Asati in 2010 it would have lost far fewer euros!) to pursue our path, which if it is difficult on our own will always be torture with TE.
Letta was a clear defender of TE without ever explaining the reason why, perhaps we guessed it and said it without it ever being denied, but Renzi, what ideas does he have on the future of TI? We still don't know, we are waiting in trepidation for his swift actions, but since even we appreciate the Prime Minister's new initiatives, we are certain that he is not considering the idea of spinning off the network outside TI, because today in this new scenario we will not let him do it, other than by expropriation. The network is TI's aircraft carrier, it needs shareholders who will invest even for the good of the country, but control must always remain in TI. If politics demands that TI invests more than 3 billion euros a year, tell the CDP or others to put euros into the network. Renzi has declared that he is speeding up the Digital Agenda, both the other two ex-Prime Ministers have said the same thing. Today the Economy and Finance Document will schedule the key provisions: from May onwards everything will be on open data, electronic invoicing, single address database and digital identity. Focus on medical prescriptions online, and on wi-fi in schools. Fine, but let's say to Renzi that all these things which would create a positive effect on the country's GDP cannot be done in the extremely fast times required for the position of Italy among the last-placed of the 27 countries in the EU without TI, so if he wants to stick to his timetable, he must hurry up and tell us his idea and his plans for TI, not do what Letta did, spend precious time on the case defending the potential interests of others and not of the country.

The politics of our country has had an important effect on the decisions taken in board meetings, and devastating to the story. Its behaviour makes a difference and the country cannot lose such a strategically important company which could bring the entire economy into a systemic crisis. Let us hope that the new course will realise it in time.

We are waiting for these silences to become concrete words.

6. BUT WILL THE NEW BOARD BE BETTER THAN THE OLD?

If I had to review the CVs and backgrounds of the new directors who we will see shortly, excluding our CEO and at most another two names, I would say that they assuredly are less skilled than those who preceded them, and I will explain why I'm worried.

Going towards a public company, ours is a bit of an anomaly, because it has a shareholder that is too strong. Since it is natural to concentrate powers principally in the CEO, the board needs to have skills, not just academics, professors, finance experts, who have in the past created the delusions mentioned earlier, princesses and textile connoisseurs. It needs
to include professionals who can make suggestions and help the CEO, who act as a continual stimulus, also in terms of monitoring the validity of decisions, because our CEO can’t waste a year on training, so that the new entrants know what TI is, which would take at least a year. The CEO must hit the ground running, must be concentrated on the business, and the results, must return the share price to at least 1.5 euros within two years. A well-prepared board must also be continuously measured by the shareholders, also to avoid irreversible decisions which, once made, then prove to have caused irreparable damage to the business three years later. And this is the main reason why Asati has supported the Findim slate, which brings competencies where there aren’t any. And this worries us, so if in the final analysis we find that this board is no better than the preceding one, now that it will have a more difficult, demanding and responsible role, then this whole fight will have been potentially sterile, that I prefer Baroness Mills instead of Galateri, Marzotto instead of Pagliaro, or the former CEO of L'Oreal instead of Alierta. I'm not really interested. I'm interested in the contribution. What contributions can the new ones make? What will they contribute?

7. QUESTIONS

1. We would like to know, if possible, the final and predicted revenue figure, and EBITDA for the first quarter of 2014 compared to the first quarter of 2013.
2. At 31-12-2013, how many paying customers are there for LTE and FTTC, and how are these numbers expected to develop in 2014?
3. What is the expected percentage of total domestic revenues from new services in 2014, excluding voice services?
4. Are there problems with the Argentine competition authority for the revenue from the sale before 30 June?
5. Could you give more detail on how the Debt/EBITDA ratio at 2016 was calculated as 2.1, which would be an excellent result, starting from today’s ratio of 2.8, without the contribution made by Argentina and possibly without recurring to extraordinary actions but with the operational management of the Company?
6. Could you confirm that for 2014 dividends will be paid on the ordinary shares?
7. Analysing the results of the domestic business as well, which in the last 12 quarters have always been appreciably negative, even if by a single digit, and taking account of the fact that the GDP forecast for 2014 is +0.8% and, in 2015, +1.5%, may we be confident
that this continual haemorrhaging has ended? Do you have in mind to alternate, change, switch some strategic resources, particularly in those areas of business that have produced the worst results?

8. What, to date, are the principle themes of the current investigations, legal proceedings, requests by the judicial authorities and by Consob, if any?

9. Can you confirm that the employee solidarity contracts will end in the first quarter of 2015, and if the PIP will already be redistributed to the employees in 2014, maybe even on a consensual basis with Company shares?

10. Will there be a new reorganisation of the structures that answer directly to you, and is any hierarchical reduction planned in structures that have by now been superceded? I, II, III IV levels - how are you thinking of proceeding?

11. Today Asati has submitted some new concrete proposals such as synergy with Poste, the relaunch of Sparkle, a spending review given the timescales that ethically cannot be extended on a voluntary basis by the senior management, the coming into operation of the share ownership plan by the end of September 2014, and its continuation every subsequent year, to increase it from 0.4% of today's capital to the 2-3% of evolved European countries, a permanent work group for exchanges and suggesting new ideas. Could you let us know what you think?

12. Finally, having analysed the experiences and professional attributes of many of the members of our Association, and former top managers of the company, and over 500 professionals, we propose that you create a permanent work group of a few people, who could meet every three months, with some operational, technical and commercial proposals, to exchange and discuss development ideas as contributions to the TI business plan, the voice of loyal customers who can give suggestions that are useful to the company also in the development of services, thus constituting a privileged return channel for new services in the field and the related experimental price plans offered. Our study office has developed a plan of "Proposals for a development and renewed enhancement of the world of the telcos also with reference to possible new incubators in the Mediterranean Area". What do you think of this proposal for collaboration, which naturally should be shared with the new Chairman to be elected, who should undoubtedly be Mr. Recchi, whom we welcome?".
Ms. Cornelli read the speech she then delivered to the Chairman's desk which is reported below.

“The Governance of Telecom Italia is still not clear, apart from one point: to act tendentially without listening to the other party. Obviously the "other party" means the "non Telco" shareholders......!

Asati hoped, for TI, a BOD that was not only competent but also open to the contributions of all the shareholders.

T.I. is a company whose ownership is dispersed among many shareholders, who are not a homogeneous group, and this, thanks to regulations more concerned with creating space for manoeuvre for the directors rather than protecting ownership and savings, allows a single shareholder, that holds less than 23% of the company, to appoint 4/5ths of the corporate bodies. And more: the shareholder in question is in fact a kind of "Chinese box", inside which are a telephone company (Teléfonica, which controls it), one of the major insurance groups (Generali), and two big-hitter banking groups (Intesa Sanpaolo and Mediobanca).

In these conditions, how can we be sure that the members of the BOD and the Board of Statutory Auditors can operate in a fully independent way, striving to also protect the interests of the remaining 70% of the shareholders?

This "being sure" could be achieved based on the results or based on the method. The results are a long time coming and the method is disappointing.

As for the results, the choices of the BOD that is outgoing - or maybe not - seem to be primarily oriented in two directions:

1) To assure substantially the interests of a single shareholder , of Telco, but in reality, of Teléfonica, considering the weight of the latter in Telco (and we still do not know what the strategies of Teléfonica will be after the acquisition, already announced, of the shares of the other Telco partners, Mediobanca, Intesa and Generali);

2) To protect not so much the interests of the shareholders, but rather, of the bondholders - who, according to the accounts at 31 December, hold over 17 billion euros (including both current and non-current bonds) - namely, to guarantee easy access to credit, considering the weight that the bonds have among sources of credit for TI.
The differences between shares and bonds are known. Bonds enjoy periodic remuneration, almost always fixed, and, above all, not linked to the trend in the economic results; normally, they guarantee repayment of the invested capital and, if the company should go bankrupt, they are included among the creditors that participate in the liquidation of the company's assets.

For their part, the shareholders have no guarantee of periodically receiving the profits (TI distributed a dividend for ordinary shares of just 0.02 euros, and in the accounts submitted for the approval of today's meeting, no dividend distribution is envisaged); furthermore, if the company should be wound up, it is by no means certain that the shareholders receive their investment back, since they are able to share only any residual assets (anything but certain in the case of TI).

Without a doubt, the bonds are physiological tools for the administration of a company that, however, become pathological when recourse to credit is aimed solely at obtaining cash to cover prior debt, without making the investments necessary to increase productivity and revenues. A management pathology that, as always complained of by Asati and a few others, is due not only to specific decisions of corporate bodies that have followed one another since at least 1999 to date, but which is also favoured by the administration and control structure of TI, set out in the Bylaws, based on logic that is no longer current, fit for the governance of an entity which does not have many small shareholders, or one that does have many small shareholders, but in which there is no conflict between controlling shareholders and minority shareholders. Why not do the opposite, why not have recourse to forms of "internal" credit, for example, by envisaging bonds to be offered preferentially to the shareholders and employees, only going to the market after this proposition has had a negative outcome?

And now to consider the management method. Faced with the deep divisions of interest between the "majority" shareholder and the majority of shareholders, Asati has, since 2009, wanted to see the development of a healthy debate, meaning the creation of spaces in which the minorities could be present in the administration and control bodies, to be achieved, ideally, through the amendment of the By-laws and, in particular, by the abolition of the provision that provides for 4/5ths of the board to be appointed from the slate that obtains the most votes.
To date, this request has remained quite literally a dead letter. There is no trace of it in the very long report of the BoD, which limits itself to discuss, on paper only, "the numbers and accounts", ignoring the deep bond between shareholding and results. The mountain has produced a mouse, with this year's great novelty: guidelines on candidacies...!

The administrative body of a company like TI, with over 60 thousand employees, working in a sensitive and strategic sector like telecommunications, should not only be composed of people with a high technical-management profile, but also be an expression of the various components of the shareholders, as well as being open to the contributions made by its own employees.

Instead, the current representation on the BoD of TI very evidently does not reflect the true composition of the company..!

As I said at the start, the "other party" shareholders are almost entirely excluded from the work of the Directors. Over 2013, according to the information in the report by Mr. Francesco Pensato, legal counsel, and Prof. Enrico Cotta Ramusino, the common representatives of the TI bondholders, they had at least five meetings with the top managers of TI, including one on the eve of the resignation of Mr. Franco Bernabé, during which major issues were discussed, such as the debt of TI, the possibility of selling the fixed network, the evolution of the domestic market, the business plan, relations with Agcom, the world panorama of telecommunications, the stake in Tim Brasil, etc.

It would be desirable for meetings of this kind to also be held periodically with significant representatives of those shareholders who do not sit on the board.

But it is utopian to expect that the changes to By-laws can come from the top, and even more disappointing is the systematic way in which the needs of the other shareholders (institutional shareholders not linked to Telco, and minority shareholders) continue to not be listened to, as in the case of the difficulty expressed more than once by Asati of collecting proxies from the small shareholders and hence to increase the weight of the minorities in the shareholders' meeting. We would recall that on average just over half of the share capital is present in the Shareholders’ Meeting: those missing are primarily the small shareholders.

When calling today's meeting, the BoD did not act in formal breach of the law, but it is evident that it acted in spite of the rationale for the regulations designed to protect the shareholders, since it did not use its discretionary power to fulfil the requests of the so-
called "small shareholders" that are designed to overcome the difficulties of the current regulations on calling and participating in shareholders' meetings. On the contrary, it compressed the time available to the latter to the minimum.

The current regulations (pursuant to Art.125 bis of the CLFI) in fact prescribe, in the case of election of members of the BoD by slate voting, that the call notice, including the supporting reports, should be published on the fortieth day before the date of the shareholders' meeting; for other topics the ordinary period of thirty days applies.

TI published the first call, containing the sole item "appointment of the Board of Directors - related and consequent resolutions" on 1 March, reserving the right to make additions to it. This only happened on 13 March. However, it cannot be doubted that the BoD was already aware of the topics subsequently made known, and that it could, therefore, have granted the shareholders more time than the regular thirty days.

Without a full agenda it is not possible to complete the form for requesting a proxy, complete with voting intentions. In fact, Asati (like anyone else inviting proxies) could prepare and disseminate it by the internet no earlier than 19 March, it being understood that further time was needed for the invitations sent by normal mail to reach thousands of shareholders.

Having done this, a shareholder who wants to participate must not only ensure that his or her original proxy is returned, but above all, they must acquire from their intermediary (usually a bank), the so-called "participation ticket" for which the various intermediaries request commissions of between 10 and 50 euros, notwithstanding the fact that TI already pays the intermediaries a fee for each ticket. This represents a further evident disincentive to participation.

The intermediaries then make provision to send to TI the remote returns for the recording of the participations at the shareholders' meeting, with a margin of three free trading days before the date of the shareholders meeting. In the few useful days that remain (4-5) there is then a formal accounting of the proxies with the TI offices, to be able to accredit the shares filed for the shareholders' meeting.

These mechanisms produce a number of inefficiencies that translate into the loss of proxies. In past shareholders' meetings, Asati has not been able to use proxies for over 20 million shares since some intermediaries had not sent the tickets in time, or TI had not received various flows.
Obviously the BoD of TI cannot be blamed for the inadequate periods of time and the arrangements for attesting possession of shares, which are set by the current regulations. However, there is nothing stopping TI from recognising the problem and contributing to provide concrete responses to the problems of its shareholders, as it has on the occasion of this shareholders' meeting.

A "constructive" approach of this kind could be improved on, for example, with:

a) The publication in full of the call notice 60 days in advance, to allow the shareholders time to examine the documents, consult one another and collect proxies, leaving only the checking of share certificates to the last days.

b) Asking the intermediaries to send the flows promptly (without waiting for the end of the period) and, in any event, up to the day of the Shareholders’ Meeting.

c) The immediate dissemination, in a reserved area of the company website, of the results of the flows that it receives from the intermediaries so that the shareholders can check their position and resort to showing their ticket only in case of discordance or absence. We would hope, and in this case we would invite, the new governance to listen more to the minority shareholders. However, if the critical points that we have pointed out to date remain critical, we will immediately take action to reach a discussion of reforming the By-laws at a shareholders' meeting, with the aim of achieving a better balance in the distribution of management and control powers between the majority shareholder and the other shareholders”.

Mr. Savina read the speech reported below, which was then delivered to the Chairman’s table.

“Dear Colleagues, Shareholders, Chairman and Chief Executive Officer,

With his speech and his arguments, Mr. Lombardi has in practice targeted and addressed all the most important issues. He has been doing so for years, with passion and self-abnegation, stimulating the debate. He wants to combat a decline that seems unstoppable. There are few such as he who look at Telecom Italia with skill and feeling.

On the association and on the collection of proxies:

I would like to return only briefly to one issue, and emphasising the responsibility of representing the small shareholders, of protecting them, I recall the objective difficulties encountered (by the association) during our activities to contact and collect the proxies, I
recall the sacrosanct need to be fully transparent, also and above all for the role that our association has assumed as the organisation that collects proxies with the consequent, binding, formal compliances with Consob and the Issuer company (ed. Telecom Italia) and with the need, in many cases, to intervene on the intermediary (ed. the bank!) and the small shareholders who are "distracted", also to provide explanations about the arrangements for participation and for conferring proxies! But that's how things are: we consider it a contribution to the dissemination of the culture of participation and of the broad-based ownership of shares.

Although amongst the very many complications that to date have not favoured the coming together of the minority shareholders (and on these aspects it is our intention to submit a number of appropriate, formal applications to the institutional bodies for the desirable simplifications) we would like to provide evidence of the significant numbers that Asati has in any event been able to express (with over 3000 proxies and over 100 million shares). I would also like to emphasise that in this fast-paced period, and as usual, Telecom, through the appropriate Functions, has supported us unequivocally, and here we would like to thank our colleagues in Shareholder Management and in the Service Centre.

The shareholders' meeting at the end of the term of office, the new BoD....

So we get to the heart of things, all clever, all ready, at least two teams to contend for the leadership of Telecom (something that is undoubtedly positive), lists of new and high-sounding names, then a nice strategic plan to get themselves elected (we hope not only for this), words spoken to take the helm towards the public company model and finally we draw a line under the past! But have we really drawn a line under the past? This we cannot know, at the moment. But we will continue to watch, to protect the interests of the small shareholders, and because the things that are wrong, the things we have complained about, will certainly not become the right things just because the people in charge change. Certainly, we know that the composition of the next Telecom BoD will be very different to the previous ones, with a new governance that prescribes the separation of the roles of Chairman and CEO, and which requires most of the directors to be so-called "independents". Maybe we can even imagine, with reasonable certainty, what the outcome of this shareholders' meeting will be. But one wonders how the new BoD will be able to act with the probable and dreaded new reorganisation of Telco, and how will it react to a possible, a probable, new takeover bid?
It should be said, in passing, that the new BoD will find a broad-based and disappointed share ownership, will find a workforce sterilised by the solidarity contract, will find customers who are looking at new services, at quality, at prices; a competitive market; will find a regulatory context which certainly does not favour us. And in this tumultuous, lively scenario, the men and women of the new BoD will find themselves on the bridge of a company/industry in which they must also come to terms with a continual technological evolution and the need to balance the protection of our market with the need for a perspective vision of the future of the network in Italy and Brazil.

On the Findim Business Plan, on Mr. V. Gamberale,...

we believe that this shareholders' meeting, and its results, are intrinsically linked to the issues that affect the country and its economic and industrial culture, and to those who put their faith in the "market" alone, we would like to say that the problem is precisely this: to blindly put our faith in it! There is no planning, it is counterproductive, and there is no preparation for the future. We cannot and should not refer solely to a cost-benefit analysis model. We have said this forcefully, as has Mr. Gamberale, who mentioned this several times.

Telecom is a strategic company. It must play its role by reconciling the expectations of its shareholders and the development of the country; there is room for new investors, CDP could become a major partner, primarily for the network investments; there is room for major industrial partner roles (I would say also for Telefonica); but it is fundamental to have guarantees about behaviours and strategies, to converge, on investments in Italy and to modernise the national transport network so as to guarantee real access to high speed internet to the Italians; there is no doubt that the Telecom network must evolve.

To the new BoD...

we could ask you to consider the Findim Business Plan as a real contribution for informed management; to consider the competence of the people on the Findim list (telecommunications, infrastructure, finance) and to consider the role that Mr. Fossati has decided to play as a minority shareholder, a role that is not in opposition to the role of majority shareholder;

we would ask the new BoD to give a sign, in this case also a symbol: for example, our members often ask us to take action to ensure that offer costs are lowered and so after your installation would you propose something beneficial for those employees on solidarity
contracts, propose real advantages for employees and their children, consider real discounts, -50% for access to all the offers in the TI portfolio! We can at least try to not lose market share within our own big family!

To Mr. Patuano.....

we would like to confirm that ASATI is in no way against you: we appreciate your professionalism. We recognise your commitment and ability to bring the relaunch targets into focus. We are thinking along the same lines as Mr. Patuano: Telecom Italia is a business that must recover positions, and we believe we can contribute to this transformation and we hope to be able to do this with you, in the ways that you consider most suitable.

To the Head of People Value...

and referring to "human capital", we would like to ask: that you protect the extraordinary heritage of professionalism that exists in TI; enhance knowledge and skills, promote training; that you not consider research and innovation a cost, that you stimulate a sense of belonging; to root out nepotism; to have recourse to sustainable organisational planning and greater flexibility and orientation to results, in line with the policies and processes, and respect for human beings; in this sense we feel that something is slowly changing.

Closing:

I conclude by returning to the initial question, to change. Well, through ASATI we have built this transformation pathway, but this "revolution", this change must broaden, and be embraced, must start much further away, must start "in interiore homine" (in a sense midway between Saint Augustine and Luciano Bianciardi's 1962 novel "It's a Hard Life").

The change cannot be devolved to structures, processes, alone. Change passes through the individual, and has to be devolved to the conscience (and knowledge) of the individuals who make up the structures, and to the reconstruction of their responsibilities.

True change happens if we have the courage and ability to change our everyday actions, through debate, interaction, rediscovering ourselves and our neighbour and recognising community, state, company in one another. Telecom Italia, this company that is around and inside us and which, with our ideas, with our work, we build every day.

Thank you".
Mr. Frasca read the speech that was then delivered to the Chairman's desk which is reported below.

"Chairman, Chief Executive Officer, shareholders present and colleagues, how the other European and Italian operators have moved in this last year - and what have we done?

The results reported below are extracts of the document drawn up by AGCOM regarding the number of lines in 2013 for fixed (voice and internet only) and mobile network accesses for all the operators active in Italy.

In direct network accesses on fixed lines, TI has fallen 1.5% in the last 12 months, ending at 63.1%, while Fastweb gained 1% during the year.
The same applies to broadband accesses - down 1.6% (we are now at 49.8%), and Fastweb again up 1.1%.

For the mobile segment the market shares fell 0.9%, in favour of H3G (+0.3%) and Wind (+1.7%), while Vodafone has actually become the top domestic mobile provider in Italy.

We can no longer wait and watch (also because by now little remains to be seen), we must act. And to act and achieve results we need everyone: employees and managers, internal shareholders and external shareholders, institutional and other investors, Italian and foreign, who all have in common a very important thing, belief in the future of our company, in its capacity for growth, for our good and the good of our country. Because a strong telecommunications company like TI can and must give a lot to the country, implementing the Digital Agenda, cancelling the digital divide, the technical disparity between North and South, one city and the next, centre and suburb. It must be able to bring high speed connections not only in the major cities, but also in the small ones, bring free wi-fi everywhere, as happens in most other places in Europe and throughout the world. All with the quality that has always distinguished the services provided by our company. TI must not survive with the crumbs left by other operators, whether Italian or not, whether in our own country or abroad. We are and must remain its expression and spokespersons, we today have so much experience, but we must continue to invest in knowledge.

For a new, modern society, we must look to the past, at how we became big, at the sacrifices we have made and the commitment we have given and the resources used, whether human or financial. Because in our past we can find many answers and resources to build our future. Let's take, for example, an old advert for our beloved SIP, back in the 1970s (we were still at school, Mr. Patuano, but some people, like my father, like Mr.
Lombardi, like many people present in this room, were already working in SIP to guarantee our future in Telecom). It asserted "Those working for your voice never stop going to school".

We, as employees, must not feel ourselves the passive subjects of change, but an active part of the technological innovation, ready to undertake a new training process to internalise the activities in our working lives to the maximum, to develop value added services in-house as Mr. Lombardi always tells us, when he was head of network architecture in the 1990s, at the Test Plan in Val Cannuta in Rome, they were developing a service a month, all entirely with TI resources, without any of the external contractors (such as Accenture, Engineering, etc.) that today, even in this time of solidarity contracts, are a massive presence in the company premises, even if disguised as TI company people.

TI personnel can do all the activities carried out inside TI (perhaps with the exclusion of the excavations for laying the cables). On this point let's remember that Mr. Opilio and Mr. Patuano, some years ago, gave the go-ahead for the field work on the optic fibre junctions to be brought in-house, and, this year, for the major project Next Generation Maintenance, which involves focussing internal resources on the most strategic activities, the transfer of knowledge from over 10 suppliers to TI resources, with over 200 training sessions, which will involve a notable commitment by in-house personnel, both trainers and trainees.

We had already launched this message of bringing activities in-house 4 years ago, now it seems to have taken off, and we note with pleasure that the management, finally, not only appreciates, but actions the suggestions of its employees, Shareholders and ASATI.

Indeed, with the experience that some of us have accrued in many years’ of work in Telecom, we would like to contribute to identify the changes needed to significantly remove the existing critical points.

Some Advice on the business plan, with the contribution of our members:

• Extend the dissemination of the new IMS centres (for new generation IP services) which allow us, for the first time, to technologically combine the mobile and fixed central infrastructures, as the major European and world telecommunications businesses have already done.

• Become a point of reference in the Mediterranean for all those businesses that seem to have some growth potential and interest in the field of telecommunications. Here I am
referring to countries like Tunisia, Morocco and Egypt, with which other Italian companies are already working, with excellent results.

- **Improve service quality**, both service offered and service perceived by the customer, improving dialogue with customers: in particular, let's think about actions to take after a user complaint. In fact, we believe that paying attention to contain the costs of interventions have progressively caused widespread and growing dissatisfaction among our customers. Sometimes short-term economy is illusory if, as happens, this often leads to a new customer complaint, pushing the subscriber to finally change operator.

- **Implement and apply new energy saving technologies/procedures in the company's installations**, to drastically reduce energy consumption.

- **Collaborate with companies that produce or market reconversion products for traditional transmission and control systems based on the automation of domestic, industrial and city environments**, integrating new services centred on:
  - Energy
  - Environment
  - Information
  - Mobility - Connectivity

*I will end my speech with a single question, which I think expresses the thought of many of my colleagues.

Next year the "solidarity" period will end. What will our future be? Are we ready to face a future of development in a constructive way, a future based not only on the sale of the towers and branch offices. Investments totalling 3.4 billion are expected: good, but we do not want the solidarity contracts to be replaced by a company-trade union agreement with possible reductions in the weekly working hours so as to limit labour costs (as in the trade union agreement signed at Electrolux)?

*Thank you for your attention, and I wish you a successful meeting*”.

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Mr. **Testini** commented on some points in the report he then delivered to the Chairman's desk which is reported below

"Good morning, Chairman, good morning everyone,"
My name is Mario Testini, I'm a small shareholder, a member of ASATI. In this meeting I am acting as the spokesperson of thousands of small employee shareholders who, through the secretariat of ASATI, have been able to express themselves, supplying ideas which could lead to new projects, emphasising their strong company identity. The contributions came from the various sectors of the company: Business, Sales, Network, Operations, etc., and we have grouped them into 4 themes.

**Theme 1 - Market prospects**

The Anti Digital Divide programme is about to be completed throughout the country, and, at the same time, we are creating the new NGAN network in FTTCab technology in provincial capitals and minor Line Stages (where OLOs are present). In some cases of saturation of ONU accesses (Dslam above the Line Partitioning cabinets) optic fibre is already advancing towards the end customer (FTTHome technology).

Once completely built, the optic fibre access infrastructure will only need extending in the network equipment/transport section, so there will a considerable saving in maintenance in this part of the access network (today we have approximately 20 thousand technicians). This situation is more or less common among the European incumbents. The price war is likely to calm down, and from a global market perspective we will see a logical aggregation of operators (with networks and infrastructures part-owned by governments). In Europe there will be a concentration of a few global operators. Telecom Italia should be one of them. The cost of mobile services seems to have slowed its decline, but it will certainly be necessary to bear in mind that the cost of Broadband over the fixed network is also destined to fall, as its dissemination grows and new revenue streams will have to fill the gap.

Once the NGAN infrastructure has been built in Italy and Europe, there will on the one hand be further mergers/aggregations of telecoms companies and content producers, the big media companies, and on the other, the transformation of the same operators into 360° "communications" companies, not just network operators.

In this expansion, there will at the same time be geographical changes in the presence of operators in other countries (through the creation of newcos and joint ventures), with a particular focus on those that are already consolidated, such as Brazil, Argentina, Uruguay (with its free areas, the calm political situation and the ease of access in wireless), Venezuela (if the political situation stabilises), but also new big democracies
such as India, with its 32 telephone lines per inhabitant, 40% of population between 25 and 40 years of age, literacy of over 74% and the increasing strengthening of its links with China.

The following should be considered in the business plan:

- **the creation of a newco for the production of content**, subdivided by media/format specialisation (cable TV format, internet format, portals/environments to manage the interactive home, remote medicine, on-line training). The newco could be an investment in a sector start-up that already exists/is being created.

- **Enhancement, for the SME market, of communication services and/or "saleables"** currently used only indoors by Telecom Italia: external relations and communication service, performance of internet services management, creation/management of software, purchasing and real estate.

- **Consolidation of TI's presence in markets with growing revenue and/or potential markets in Latin America** with increased penetration in mobile service and joint ventures with local optic fibre operators for competing offers of Broadband service in more developed areas. We have undoubted historical-cultural advantages in these countries, compared to our competitors.

- **Test expansion into the new and large emerging markets with mobile service.**

**expected benefits → increase in revenues, creation of value through newcos, increase in Long Term capitalisation.**

**Theme 2 - Progressive erosion of customer base by competitors**

The continual fall in revenues is the main driver to focus on. The commercial aggressiveness of our competitors, and above all Telecom Italia's difficulty in following/retaining the loyalty of its customers, and a saturated domestic market, progressively erodes our revenues, and EBITDA is falling.

Paradoxically, however, the integration of mobile and fixed services (particularly as a single package commercial offer) does not favour Telecom as holder of the fixed network, but is favouring those OLOs that are commercially dynamic (see the recent fixed-mobile offer from Vodafone). To this, I would add: a regulatory context that is evidently hostile to Telecom Italia, an atavic incapacity to manage and conquer customers (the remnants of an old monopolistic philosophy) and above all to consider the value of technical assistance as a plus. The operational slowness of the excessively verticalised organisational structure
presents shortcomings and delays in decision-making on the ground (the front end with the customer), where the infrastructure processes and interventions are, instead, transverse.

A customer lost by Telecom, even if resold as access to an OLO, does not have the same value in terms of profits/revenues and in terms of potentials for new services. The loss can be estimated as 4/6 of the ARPU of each user.

The following should be considered in the business plan:

- intervene decisively regarding the regulatory authority for a change in the regulatory context. It is not acceptable that with a market that is now free, companies should submit to impositions that are even more stringent than the EU indications. The cost required by Telecom Italia for customer access to the fixed network should be revised upwards in increments, as previously proposed by Telecom. It is true that political interests and lobbying are also involved, but the confrontational policy adopted by Telecom Italia in recently years certainly has not been determined. Quite the opposite. A decisive strategy should be undertaken, with supporting weapons.... (for example, by raising the spectre of the cancellation of all the current sharing/housing projects, including existing contracts, for mobile sites in Telecom exchanges - such as the recent "housing 2.0" with Vodafone). This could be a way to attenuate the force of lobbying of the authority by competitors, also because inside any city the best positions for mobile equipment are in Telecom exchanges.

- Review the commercial and sales structure. It is unproductive to keep sales personnel, who are on a fixed salary, on duty in an office, as happens at the moment, divided into type of customer. This way of going things does not optimise the costs, because there is a multiplication of visits in the same area. The composition of the salary should be reviewed, with a substantial shift of remuneration to the variable component linked to the ratification of the contracts and the structures divided by customer types should be reviewed instead of structures and/or teams by geographical area. Dual collaborations in customer premises (sales person with technical and Technology support) should be implemented . . for technological explanations and for the possible development of connections/services that are available or more suited to the customer's needs. Motivational training as well as sales techniques.

- review the customer relations policy, particularly regarding SMIs and VAT-registered small traders, with actions to retain the customer's loyalty. It is incredible how today a customer who has always been with Telecom Italia for both fixed and mobile service
cannot access more favourable conditions (such as the "impresa semplice" contract) just because he or she is not switching from another operator. It's like saying that if you have been a loyal Telecom customer for some time, rather than having better treatment, you will be penalised and forced to change operator! This kind of strategy can be fine for competitors who must enter the market, but not for a company that wants to maintain its position. All SME (Small Medium Enterprise) and SOHO (Small Office Home Office) Business customers should be systematically contacted and offered more advantageous conditions when their contracts are old and expensive. The company should also offer a direct contact number for a local help desk for any technical issues. The fall in prices will certainly be offset by customer retention, with Long Term advantages in terms of the potential sale of new services.

- **Reconsider direct assistance/maintenance** as a TI plus, and reorganise the technicians working in the territory into help staff units. Given their characteristic of having contact with the final user, these units will also be dealing with the following type of issues: commercial (direct sales, promotion), marketing (data collection, requirements,....) and technical explanations (problems that are also transverse, addressing the needs). Such a territorial organisation of the work should be matched by a parallel reformulation of motivational training and incentives. Help staff as customer tutors and independent managers of their priorities/activities with the possibility of selfcreation of Work Requests - this is the aim to achieve and the tangible plus, compared to competitors. The tutors (AOU technicians) would be assigned a local area that they will know perfectly, in terms of both technical aspects and customers, to whom they can directly give their telephone contact number (restoring direct contact).

- **Reorganisation of the excessively verticalised structure**, at territorial level, with the inclusion of new profile roles (with 360° skills on the network, processes and commercial issues, and great communication skills). A team that works transversally across the different divisions (technology, business...) and with direct reference (with an ad hoc structure) should be implemented under the CEO and/or Strategy Office. A lot of infrastructure-type customer feasibility requests, i.e. customers interested in more than the sale of Open Access and Network and Infrastructure, are dealt with solutions and costs/times for each single division, but above all without interline contacts (only procedural), with the result that the customer is often presented with solutions with over-
market costs/times. In this segment of business customers, it is important to have interdivisional supervision with broad powers of coordination, to be able to bring the feasibility requests to a conclusion. The new profile manager (broad knowledge of his or her regional territory) will have to have adequate technical skills and communication and coordination capacities to enable him or her to be a point of reference for all the Technology infrastructure interventions (... just think of the FTTCab interventions we are carrying out on the territory, where Open Access, Network and Infrastructure proceed autonomously, with their own budgets and programmes, which often do not coincide, time-wise, with consequent delays in the revenue-earning of the equipment). A concrete example of the sense of such an action is a recent case that appeared on the "presa diretta" TV programme, where a technologically advanced company in the hosiery sector was complaining about the excessive costs proposed by Telecom for a Gigabite ethernet in nude optic fibre from the customer to the IP world. The feasibility work, which has routes preordained in standard procedures (IRP - Integration Reference Points) had been correctly examined by each structure, each for the part that pertained to it. But this, although correct, presupposes that each Lines takes adequate margins of guarantee in expressing the costs/times. The result was an excessive cost, and even more excessive times (340 days). It was enough to review the feasibility from a global point of view to reach a new formulation with noticeably lower costs and a time of less than 90 days!

expected benefits → optimisation of investments - customer retention/loyalty - stopping the downward trend in revenues - greater potential for the sale of future new services.

Theme 3 - The Telecom debt and costs.

The Telecom Italia debt (just under 27 billion euros) is far more than a physiological "not worrying" 16 billion euros, the level that would allow investments to accelerate and a more suitable share price.

It is controllable only if we hypothesise/predict stable cash-flow and stable/increasing EBITDA.

The cost reduction strategy associated with the sale of non-core businesses can no longer produce further benefits without damaging revenues and investments in NGAN and LTE, which must instead accelerate. There again, a precise and targeted action on costs (regarding organisation and productivity) is still possible. The various plans to securitise and/or sell property/towers can still produce resources, but are coming to an end, and this
is a one-off operation, while the expiry of rental contracts on properties earmarked for exchanges should be noted; they are being renewed at higher costs (moving equipment is unthinkable).

The following should be considered in the business plan:

- **Decentralise the cost containment targets to the level of micro-department/territory** (ancillary services, energy use, ...) with historic monitoring of the minimum unit for analysis, and redistribution of a portion of the savings through credits (convertible into Telecom Italia shares/bonds). A kind of stock option for departments.

- **Accelerate investments towards the NGAN platform** with a focus on by-passing the minor exchanges (the current level of by-passing of exchanges is very low - it does not reach 10% of the total built) which would allow them to be recuperated, as could their hosting building, with a structural decrease in costs.

- **Reduce rental costs also by reviewing the current network architecture.** One of the biggest cost items (after personnel and energy) is rentals. All of the contracts that systematically expire between now and 2020 can be negotiated downwards with difficulties, since their owners are aware that moving equipment, cables and technological structures would have a very costly impact for Telecom Italia. This means that they could even increase prices in the upcoming renewals, particularly for minor sites where it is almost never worth moving an exchange, even when faced with a much more expensive renewal (the pay-back of the investment usually exceeds 12 years). There are exchanges around the country of less than 20 cubic metres, in places with rental costs that are as much as 6 to 8 times the Land Agency costs! At least 2,000 of the roughly 12,000 central exchanges in Italy have fewer than 500 equivalent lines. A plan to extend optic fibre as primary network should be dedicated to these types of locations, which could be renovated with evolved equipment (MSAN) outdoors, while continuing to offer the possibility of managing and/or changing traditional services not yet managed (CDN, CDA, TP,...). the solution would, in the Medium Term, enable profit and loss savings (rentals, energy, maintenance...) of at least 50 million/year in structural costs.

- **Activate a continuous ad hoc energy observatory** (Telecom Italia, T.Lab, external...) to study and apply new technologies/procedures for equipment energy savings (an increasingly costly item), with the aim (in the Medium Term) of partially self-generating energy for the company's needs, also using alternative sources. In the transition
period, it would in any event be possible: to increase the threshold temperature (currently 29°) at which the air conditioning of exchanges is activated by a further 10%, audit and switch off equipment no longer in use, or compaction (to be assigned as an objective of the micro-departments mentioned above), Change to Change agreements with energy suppliers (swapping services/products for energy supplies).

- **A considerable increase in outworking and telecommuting**, particularly for personnel on temporary assignment, using the spaces available in the exchanges and the return of office premises (to date there has been an obviously unsuccessful attempt to do the opposite, also because the owners do not accept the return of spaces that are not compartmentalised or with easements for the cables/ducting). The spaces already unoccupied (on average 50%) in the large sites in major cities (which are hard to return) could, with suitable adaptations, host some of the personnel, which could also be distributed in outlying minor exchanges (depending on their proximities to home), and in case of working compatibility (for example, for the call centres), in industrial open space hangars. This would enable large buildings (in the Provinces) currently used as office space, with very high rental/operation costs, to be vacated/returned. The recently implemented project of this kind (the 10 cities project) should assuredly be supported and accelerated.

- **Replacement of the company car fleet with hybrid/bipower vehicles** (eco-compatible) and their use assigned on a named basis (with a mobile logo), with the possibility of using them outside work on payment of a participation fee. The duration of the vehicle would therefore increase, offsetting the leasing cost, reducing consumption, and providing a benefit for the employee.

**expected benefits** → **reduction in structural costs - optimisation of resources - increased productivity.**

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**Theme 4 - New businesses**

In an open market like the current one, in which the regulators have and do impose limitations, not only is it difficult to maintain one’s domestic market position and pricing plan, it also becomes risky to undertake any ventures to compete on international markets. The possibility of offering high speed Broadband (NGAN) would surely have a positive effect on revenues (higher cost service), but we must suppose that there will be also a
future request for content from users, games, but also other high profile content (on-line learning, remote medicine, home automation, distance working,...).

The current definition of "core business" should be broadened to including the production/supply of content and, more, should lose the specificity of the word telecommunications, with the contemporaneous integration of the various forms of media and internet, which would lead Telecom to be operating not only as a pure network operator but also in the much bigger world of global communication. There will be new companies, not just operators, but global communication companies, through, on the one side, the creation/enhancement of content production newcos, and on the other through the acquisition of start-ups and micro-businesses to include in the content production chain with the aim of creating immediate value (revenues) and future value (newcos to develop into listable/saleable businesses).

The following should be considered in the business plan:
- transfer of the businesses/professional skills that operate in production (publishing, internet...) to a specific Media company subsidiary of Telecom Italia, creation of a complete 360° content production structure with implementation of professional skills and structures for TV content over the internet. Subsequent valuation/floating of the newco
- Enhancement of interactive formats and projects through the internet (e.g.: "build Italia", format of the first interactive constructivist television transmission, in which users propose and work (work in progress) on projects on new business topics, through the internet and new media
- Creation/enhancement of a cable TV container (cubo vision is an experience that has already ended).
- Creation/enhancement of social networks with territorial/local perimeters that could even be restricted to the neighbourhood, and aimed not so much at acquaintanceships/friendships as at the exchange for products/services in the local area (i.e. I can get a service such as babysitting or another service in my city or neighbourhood in exchange for some other service.... In any event, with people I already know in some way).
- Creation/enhancement of new themed portals/environments (e.g.: "il mio istituto" (My school), a project for on-line education, through an agreement with the Ministry of Education, enabling secondary school students, at local authority/town level, to pursue
their studies outside school hours, with personalised access, the lesson or lessons of their own teachers, through recorded videoclips of the lesson and continuous on-line chat with the teachers... just think of the private tuition business, almost always with tax evasion, which, incredibly, is estimated to be worth almost 3 billion euros/year!!!). In this sense there is no precise ad hoc project to wire secondary schools, many of which can access favourable financing, and in any event for the creation of a Broadband network (a kind of intranet for secondary education) which would also enable the development of on-line training, constant on-line contact between students, and the development of projects also outside school hours. We should not forget that significant initiatives and business (such as the possibility of private lessons by professors) could be included in this context and in any event the creation/growth of startups promoted and invested in by Telecom Italia itself (the age group considered, 14-19 years, is the most creative and fruitful in terms of ideas).

- Creation/enhancement of a publishing container
- perimeterisation and enhancement of activities/skills considered "saleable/exportable"

through service newcos also and primarily operating to the outside through SMEs, such as:

* the creation of products/software for the internet (webmasters designers developers,....)
* software development/management
* communication, public relations, event organisation
* health and safety at work and the environment
* business protection/security
* purchasing and real estate
* customer services
* telemarketing
* cataloguing and/or cartographic or database updating services
* archive design services

- Enhancement of externally visible spaces for advertising (e.g. the fronts of the network Line Partitioning cabinets, of which there are almost 200,000, which could be used for advertising products/services with mobile front panels and/or radio towers/pylons unless sold)
expected benefits → Increased requests for NGAN accesses, increased revenues, increased productivity, completion/control of the production chain for NGAN services, increase in group value, exploitation/optimisation of human resources, new job creation.

Conclusions

Without prejudice to all the macro and market changes that the company will undergo, and the transactions, both financial and M&A, that will occur, this report, while adopting a creating/proactive approach, is in any event intended to demonstrate that some of the actions described, which are immediately feasible inside our company, could create Medium Term value in terms of: cost containment, revenues, productivity, cultural change and image. In that sense, the aim (for the actions described only) is:

- customer retention → 0 balance between cessations/activations (within 2 years)
- revenues → + 15% (within 3-5 years)
- costs → 15% (within 3-5 years)
- productivity → + 10% (within 2 years)

In relation to Mr. Lombardi’s proposal to institute a debate between Asati and the management, Mr Patuano assured the meeting that he was willing to activate initiatives for periodic meetings similar to those that the Company holds every quarter with investors and financial analysts. In particular, quarterly meetings could be started with Asati, as the body which encompasses the employee shareholders, who have interests that are special and different to those of most investors, meetings at which the management of the commercial and technical functions could participate (as they do at the regular investor relations meetings). In consideration of this, the Chief Executive Officer invited those shareholders who wished to submit detailed proposals or requests regarding the conduct of the management and the company strategies to not do so in shareholders’ meetings, postponing them to such meetings, which represent the ideal forum for discussion. At the request of the meeting, the Chief Executive Officer guaranteed that the Investor Relations office is also at the disposal of all shareholders, without distinction, and that the company does not want to assure privileged treatment for Asati, but merely (as is happening today) to create an organisation that guarantees personalised and specialised responses to requests from various types of investors, whether they be major investment funds, individual shareholders or, indeed, an association of employee shareholders.
Mr. Martínez read the speech which was then delivered to the Chairman's desk and reported below.

"Chairman, Chief Executive Officer, Directors, Shareholders, good morning.

I am Mauro Martínez, Chairman of the Telecom Italia CNQ (Coordinamento Nazionale Quadri) the professional association that represents the middle management of the Telecom Group.

This for us is the second shareholders' meeting we have attended since becoming shareholders of Telecom Italia.

A business that we know well, since we are professionals present in all the internal organisations and structures, both central and local.

And since we are used to making the best use of our time, we will use this small space to propose a radical change that we believe could make our company even better and more competitive.

You see, ours is a journey that has been going on for some time, now. The middle management has always represented the engine of this company, the glue, indispensable everywhere, to ensure that the strategies expressed by the top management are then put into practice.

We are the professional association whose purpose is to protect our, the Telecom employees, one and great interest: our Telecom Italia.

We consider ourselves the people who make things happen, bring them to completion, with seriousness and dedication. And with passion: yes, passion, to feel, still, and despite everything, all the "men and women of Telecom". And we are proud of this.

We have a conviction, us Telecom employees.

We think we know our company well. The company we work in every day, and that we know, like no-one else, perhaps, where its strength, its untouchable power, lies, the impact that just the name "Telecom" still has on our customers and competitors.

And the men and women of Telecom, in Italia and throughout the world, are those who have made this company great, with professionalism, seriousness, constancy and commitment. And, particularly in recent years, with great sacrifice, too.

Equally, perhaps no-one knows as well as we do where the potentials and problems, the possibilities for growth and improvement lie; perhaps no-one knows as well as we do
where the top management should constantly and concretely direct their efforts and "lay their hands on" to make our Telecom better and better.

And so we are convinced that the moment has finally arrived for us employees to face a new path, to take that responsibility that so far no business in Italy has had the courage to even consider.

And we want to do this here, before our top management, our shareholders, the press and the market.

We believe that the time has come for us shareholder-employees to be able to participate directly in the direction of Telecom Italia, not just in its productive life, as we already do. In fact, we want to work alongside our top management, sit with them in a specific company Supervisory and Control Body, something that could, for example, take the shape of permanent membership of the Investments Committee, or even better the Innovation Committee, to be able to advise and where possible bring our daily experience and professional skills so that the operational choices that we live every day as "line managers" arise from the strategic decisions that are most correct for all of us.

In certain respects, we can say that we are already present in spirit in these Bodies. Indeed, people who were at one time like us, Telecom Italia middle managers, sit on the Board, and still guarantee that experience of someone who really has "got their hands dirty" in the telecoms business.

We refer not only to Mr. Sentinelli, who has also been Vice Chairman of our Association, but also to our Chief Executive Officer, the senior executive who built his professional career in our company, in Italy and abroad.

So, these are our "Telecom men".

We believe that our desire to participate in the decision-making processes, and above all in the control and supervision of the strategic choices made by Telecom Italia constitutes the most reliable guarantee that both shareholders and customers can expect from us employees. Also because, at the end of the day, the commercial and qualitative results which translate into numbers on the financial statements depend, in real terms, on us, and us alone.

And it is our interest, our responsibility to ensure that those numbers are as big as possible.
Because if the share price falls, the reference shareholder may suffer from a negative performance, but if that fall translates into a reduction in salary, in solidarity contracts or redundancy, then for us employees the suffering is very different.

Our sole interest is ensuring that our company is healthy, rich and profitable. Because a rich company translates into serenity and security, firstly for the employees and then for the shareholders.

In recent times we have witnessed many surveys organised by major newspapers, or prestigious universities, on the perfect governance model for a telecoms company, in this specific case for Telecom Italia, that have produced a collection of opinions of experts in the law and corporate affairs that often disagree and completely contradict one-another.

For our part, we don't know what the perfect governance model is that makes a company strong and allows the management to work calmly, that can be measured by the results that are actually achieved; we have no certainty, because it's not our job, that we can identify the best formula to run the company well.

But as employees and above all as representatives of part of that management we are ready to wholeheartedly support any new governance model, ideally one in which the so-called "minorities" make their entry to the BOD and appoint their representatives, choosing them, perhaps, from among those managers who have made the history of Telecom.

In some respects this is an innovative and revolutionary path. And we are well aware of this.

But Telecom Italia has always been a company that looks to the future. Innovative and revolutionary. And so it is our duty to be farseeing, and to continue to be so, if necessary, and first time in Italy, making way for a new way of running the company in which the Association of middle managers is part of a major Control Body of their own Company.

By now, the battles of competition are decided only on innovation, and are won only by those who get there first, who get where no-one else has dared to before.

We have no fear of the unknown. We have demonstrated this, remaining steady in our role throughout all these years of repeated difficulties.
The Telecom Italia spirit of innovation still lives, deep-rooted, in us, the employees, as we are sure it does in our directors, whom we are asking to express their view of this proposal of ours, explicitly, with all our involvement, participation and support.

To demonstrate to all our customers, shareholders and the market that, despite the winds of instability, the helm of this ship remains firm in the hands of us, the <<men and women of Telecom>>.

Mr. Decina read the speech which was then delivered to the Chairman's desk and reported below.

"As is known, in the last ten years, Telecom Italia has reported a loss of approximately 10 billion euros in turnover on our domestic market, which fell from 27 to 16 million euros. And the reasons that have characterised the impoverishment of the company from the early days of its privatisation are equally known; this dynamic is usefully illustrated in the precious slides of the strategic plan proposed by Mr. Fossati. Obviously, external factors such as competition and the threat of the Over the Tops must be added to this process of impoverishment due to debt containment. Turnover of traditional voice services is slowly disappearing, and a cabling plan that meets the targets of the digital agenda certainly cannot be enough to cope with the rapid evolution in the Telecommunications market.

The progress of cabling, the agreements with providers like Sky for the supply of entertainment services (and we congratulate you for the agreement), the convergence of fixed and mobile with cloud dynamics, are all very valid elements for a good business plan. But in my modest opinion a prestigious company of the size of Telecom Italia could do more. The transformations in the telecommunications and IT market are like an immense overwhelming wave that must be ridden to not be overwhelmed. The market is subject to continual change with new dynamics that allow juicy profits for those who are able to profit from experimenting in the medium and long term. And we must not kid ourselves by thinking that the innovative services market is by now saturated, because the opposite is true, it is in continual progress.

Telecom Italia must not confine itself to providing broadband, entertainment or fixed mobile convergence services. The real challenge is the challenge of becoming a major protagonist in the Economy of Wellbeing of the country. The challenge of the next 10 years will be precisely this: the internet of things, smart cities and remote services, with
enterprises, individuals and government agencies at the centre. The concept of GDP is now obsolete – indeed most economists throughout the world are introducing the concept of GDW (Gross Domestic Wellbeing) as a more reliable way of measuring how good an economic system is. In this respect, telecommunications play a major role. And I am referring to infomobility, home automation, telemetry, robotics, remote care, remote medicine, videosurveillance, remote teaching, remote environmental monitoring and all the applications that in every sector will enable performance to be improved and costs saved. Think, for example, of the transport sector and the energy sector, without excluding tourism and Italian made goods, which are strategic resources for the relaunch of the country.

Just as an example I would like to report the numbers of the internet market of things disseminated by CISCO. The number of connected things is now around one billion. According to the Gartner consultancy, this will rise to 26 billion in 2020, with a dizzying impact on the economy: business worth 19 thousand billion dollars, of which just 4,600 in the public sector. A quick calculation based on the CISCO estimates, taking as reference the percentage that the Italian GDP represents (2.7%), produces an Italian market for the internet of things of approximately 380 billion euros over the next 10 years. Estimates that are assuredly optimistic, but which lead one to hope in the development and wealth of the market. What do you think of these estimates? Is there a strategic plan on these topics? What proportion of turnover do innovative services represent (VAS other than voice and data)?

As well as innovative services, the possibility of international partnerships in the emerging markets of South East Asia and Africa should also not be ignored. Let us remember that the international expansion of Telecom Italia lead to around 30 foreign subsidiaries by the end of the 1990s, which were the fruit of an intelligent and courageous policy of expansion adopted by the much criticised state bureaucrats.

In Mr Fossati’s strategic plan there is a section on new services that offers an outline of the possibilities for Telecom Italia to put itself forward as an incubator of new services for large enterprises and government agencies. To do this, the company organisation would need to be oriented towards innovation and its relationship with government agencies. Some people believe that the governance of recent years would certainly not have favoured such a dynamic. Being not very democratic, and essentially oriented towards maintaining
the status quo, the governance may indeed have been a hindrance to an innovative dynamic, precluding the development and growth of the company in the new services market.

So change of governance and innovation go hand in hand.

To conclude, I will quote from Joseph Schumpeter, an Austrian economist who became a professor at Harvard who is considered to be one of the major experts on economics of the 20th century.

In The Theory of Economic Development, he writes:

<<... The true role of the entrepreneur is to translate new technical and commercial combinations into practice, or, to put it in more accessible terms, to be himself the agent of economic progress. Being an entrepreneur means challenging the easy gain.>>.

Mr. Savi emphasised that, perhaps thanks to the recovery of the shares on the stock exchange, the situation is much changed from the Shareholders' Meeting in December, at which the atmosphere was particularly strained. Instead of looking for the single merits of this new climate - merits that can be recognised in Mr. Patuano, and also in Asati, which today seem to have a positive relationship even with Chairman Minucci, despite the major clashes of the past - the shareholder intended, however, to emphasise that once again the principal protagonist - namely Telefónica. - is not present at today's Shareholders’ Meeting. Certainly we should today thank Findim, which with its principal spokesperson has presented its considerations and proposals to the Shareholders’ Meeting, but the decisions to be taken by the Shareholders' Meeting have already been taken, in the shareholder's opinion, and, specifically, in Telco, the company that is like a house in which all the bricks of which it was made are dissolving, in which only Telefónica remains. The shareholder therefore asked – but already aware that the answer is no– if Telefónica, as a shareholder, will be speaking to explain its intentions for the future of Telecom Italia. The answer is negative, he continued, because the real decisions are not taken in the Shareholders’ Meeting: there has always been a kind of "fake democracy” in which it is only possible for the small shareholders to vent their feelings or, to the contrary, to express their satisfaction with the small increase in the share price on the stock exchange, although this represents just "a little something to keep them happy". For Mr. Savi, the reason for the increase in the Telecom Italia share price also lies in its strategic choices, more serious than in the last,
but he complained that, although it is one of the largest Italian companies, Telecom Italia is run using a method that he defines as "like a family firm or private company": a lot of "fancy words", he continued, but in the meantime Mr. Bernabè received 8.2 million euros when he left the company and the remuneration of the senior managers increased, in 2013, from 16,000,000 to 20,000,000 euros - i.e., by 20%. People talk a lot, the shareholder continued, about the "market contraction", but the contraction seems to affect only the earnings of the investors, not the salaries of the managers, who may deserve remuneration even higher than their current pay, but only if they are able to assure earnings for the shareholders, as happens for Mr. Marchionne, for example. Continuing, the shareholder complained that for 2014 the remuneration of the directors (of which there are actually fewer than before) will be the same as in 2013, which means a fee of between 100,000 and 200,000 euros per year each, figures which for Mr. Savi showed little respect for money, if compared to the average salary in Italy, or to the salary of President Obama, which is 275,000 euros per year.

He then talked about the mandatory convertible bonds for which the increase in capital was resolved by an Extraordinary Shareholders' Meeting last December, complaining that this was a transaction that was extremely advantageous for its beneficiaries (indeed, any shareholder would have been willing to underwrite a bond at a rate of 6% for three years with the related right upon maturity to acquire shares at a price of between 0.68 and 0.83 euros), in which, however, not all the shareholders were involved. Only some of them, and Telefónica in particular, which is why Consob intervened to ask for explanations and clarification. Transactions like this, the shareholder again complained, constitute true privileged dealings granted to Telefónica, which shows that the "change of pace" discussed today is only lip service. The shareholder concluded by again comparing Telecom Italia to a house, which stays up thanks to its walls, which are in turn made up of lots of small bricks: if you remove them, the building will fall down; he then produced a brick, as a symbol of his willingness to rebuild the Company, and reminded the meeting that there are over 400,000 bricks belonging to shareholders just like him, and that today they need to use new bricks, because they can't build the new Telecom Italia together with those who have ruined it.
Mr. Borlenghi read the speech he then delivered to the Chairman's desk which is reported below. He emphasised that with the 2.2 billion writedown carried out in the first quarter, it was unlikely that the Company would be able to close 2013 in the black, and indeed the telephone company had closed the financial year 674 million in the red, a result that, net of the writedowns, would have meant a profit of 1.5 billion. On the plus side, he noted the reduction in the debt, down to 26.8 billion, a 1.467 reduction from the level of the previous year. Despite the fall in turnover and the increasing losses linked primarily to the effect of the Impairment Test on the Tim goodwill, he continued, the financial statements of the telephone group showed a number of positive elements: the targets for EBITDA and debt were achieved. The shareholder emphasised that the cutting of the coupon was not good news, and recalled that rumours of cancellation of the coupon had been in the air for some time, and that this year only the savings shareholders would receive a small dividend. On the other hand, he emphasised that it appeared that there were signs of market recovery on the horizon already in 2014, with prospects for growth during the year. He ended by asking if the Company's priority was only to invest and strengthen the mobile network, or if there were any sales, acquisitions or similar transactions being considered.

Mr. Cardillo, after presenting himself as a lawyer and long-standing shareholder, stated that he considered the matter reported at the start of the meeting, namely, the fact that, as may be confirmed on the Telecom Italia website, the call notice published on 1 March had the appointment of the directors as the sole on the agenda, and the existence of an additional request from shareholder Findim regarding the appointment of the Chairman is only mentioned in other news on the site. This, the shareholder emphasised, was a very odd business, so much so that he himself had had to contact the Company to obtain clarification on the approval of the financial statements, finding out in this way that the Board of Directors only added all the other topics on the agenda, including approval of the financial statements, after 1 March, without announcement. The notice dated 1 March, the shareholder repeated, contained only the appointment of the directors. What might seem to be a simple mistake by the internet administrators, the shareholder stated, is in reality a very serious matter, since the Consolidated Law on Financial Intermediation attributes a legal value to the publication of the notice on the Company website and so today the
shareholders can, as he himself intended to do, legitimately state that they were not informed of the topics on the agenda.

The shareholder then complained that he had only been able to check the contents of the financial statements at the moment of the shareholders' meeting, consulting the appropriate booklet, which was in fact difficult to access for most people also for its size. Continuing, the shareholder, after having stated that Mr. Fossati had given a pleasant and amiable speech, invited the meeting to look at the real behaviour of the Directors, as indicated in the results of the financial statements, to discover issues that he labelled incredible: he went on to state that the financial statements speak of the conspiracy of which the Directors of the company are accused and of tax evasion for enormous sums of money, with possible billion-euro consequences for the Company. More precisely, the shareholder cited the judgement of the Rome Court on 17 October 2013 which condemned 18 managers of Telecom Italia for transnational conspiracy for the purpose of tax evasion and false declarations by means of invoices and other documents for non-existent transactions, sentencing them to terms of imprisonment of between 15 and 20 months. He then referred to a notice served on Tim Celular for a tax assessment for a total amount of some 550 million euros. The shareholder emphasised that this was a series of behaviours that were unacceptable for a company of the importance of Telecom Italia, and, above all, he termed "terrible" the fact that there is no trace of these matters in the reports of the Board of Statutory Auditors, the content of which may be summarised with the phrase "everything's fine, everything's good, there are no problems". The shareholder asked, rhetorically, if anyone thought (and if the statutory auditors thought) that just because Telecom Italia had lobbied the Judiciary, Parliament and all the political parties intensely in the past then no-one could start proceedings against the Company.

He recalled that the last time he had spoken in the Shareholders’ Meeting was many years earlier (in a meeting that was actually so long it continued to the following day), presenting a mass of documents that made it clear that the Company, at that time, was charging its customers for non-existent costs, such as, for example, costs for erotic telephone services charged to elderly customers. He had brought many bills and invoices, demonstrating the existence of many costs that were not owed, some of which, perhaps, charged while the customer had actually been on holiday, away from home. On the occasion of that shareholders' meeting, the shareholder recalled, he had then presented a proposal for
liability proceedings to be started, very angrily, saying things like "this is a company of thieves", and he had received an assurance from the Chairman of the Board of Statutory Auditors that if he withdrew the proposal he would have received answers about the facts reported in a specific shareholders' meeting. However, he had insisted on the proposed resolution, which had been rejected, and he had never received any further information regarding the facts he had raised. In time, the shareholder added, he had regretted the phrase, because many people in the company do their job well: but the fact remains that it is a company in which inappropriate, inadequate or even criminal behaviours had occurred. So he again emphasised that the facts set out in page 243 and subsequent pages of the today's financial statements were equally serious, and he again complained that the Board of Statutory Auditors' report says nothing on this matter.

The shareholder then stated that the Company was reporting revenues of 23 billion euros, capitalisation of 22.65 million and debts of 27 billion: so de facto the true owners of the Company are its creditors, not the shareholders. In fact, in his opinion, when situations of this type come about, the creditors are precisely those who end up in charge. As for the issue of conflict of interests, raised by Mr Fossati, Mr. Cardillo pointed out that, reading about the transactions with related parties, it is evident that Intesa, which is also a member of the control group, is participating in a loan of approximately 600 million. One of the most promising businesses (tested years ago for the first time in South Africa) is the "electronic wallet", which consists of using mobile phones for electronic payments; well, for Mr. Cardillo, this business is not undertaken by Telecom Italia because banks like Intesa, for example, or UniCredit (which are against the entry of telephone operators into the business of payment services) are part of the control group, and the directors who are their expression oppose such initiatives. The shareholder emphasised that it is precisely this type of conflict of interest that is the most subtle and insidious.

Invited by the Chairman to conclude his comments, Mr. Cardillo complained that in the time allowed it was not possible to deal with all the issues underlying a 400 page plus financial statement, but it was only possible to provide some flashes. Premising that he adopted the viewpoint of jurist and lawyer, the shareholder emphasised that the past cases of the Company, often reported in the press, which may be traced back to the Tronchetti Provera and Colannino regimes in particular, were still current, from a legal perspective, since the work of the preceding directors can still be challenged through certain legal
mechanisms, and in particular by the starting proceedings for liability against the previous directors based on the fact that they took no action against their predecessors. The shareholder therefore invited the Board and the Board of Statutory Auditors to consider if the previous directors had committed unlawful actions - referring in particular to the Tronchetti Provera and Colannini regimes, and mentioning the cases related to South America and those related to the sale of Telecom Italia's property portfolio to Pirelli Real Estate - since in such an eventuality they are obliged to act against the preceding Directors according to the concatenation mechanism he had indicated.

Reserving the right to make his decisions based on the responses he received, the shareholder then asked if the circumstance that the targets that the Board had set in terms of debt reduction had been reached in 2013 meant that some type of facilitation, remuneration, stock option or other benefit for the directors might be applied; he further invited the Chairman of the Board of Statutory Auditors to state if the control body had scrupulously checked if, considering the enormous quantity of derivatives on the Telecom Italia financial statements, a different valuation of these derivatives might have produced a different result, especially in terms of debt reduction; in this respect, he referred to an Irish company called Telecom Italia Finance Ireland Limited in which, according to the shareholder, there are 1.3 billion euros.

Again invited by the Chairman to conclude his remarks, Mr. Cardillo reminded the meeting that, according to the press, Deutsche Bank had been accused of having used derivatives to hide notable losses. He ended by reserving the right to start proceedings for liability against the directors, depending on the answers that are provided.

Mr. Bianchi, after congratulating the board on the commercial agreement with Sky and after having invited the Board to consider possible forms of partnership with Poste Italiane, which has an extensive sales network throughout the country, read the essential points of his speech which was then delivered to the Chairman's table and reproduced below.

List of topics discussed in the speech of Shareholder Mr Ugo Bianchi for contact with the Telecom Italia shareholders' association (to be constituted)  
AssicazioneTutelaRisparmiotorItaliani.AzionistiRisparmiatoriTelecomItalia):  
astri.arti@tiscali.it

   A) Reference to some items dealt with in the Extraordinary Shareholders' Meeting  
on 20 December 2013
A1) Increase in capital decided in December with the issue of convertible bonds: article 2441 of the Italian Civil Code states, specifically: "Shares of new issue and bonds convertible into shares (as in our case) must be offered to the shareholders in proportion to the number of shares they possess". It continues with details that do not limit the aforementioned right. Subsection 5 of article 2441 provides for the option rights of the shareholders to be excluded only if the increase in capital approved is for MORE than half of the share capital (which is not the case) and in any event subsection 7 of article 2441 provides that the preferential subscription right of the Shareholders CANNOT be excluded or limited if the increase in capital is also subscribed by "banks or finance companies or institutions subject to the control of CONSOB with the obligation to offer them to the shareholders of the company in accordance with the first subsections of this article" meaning that there is an obligation to offer the shares to the shareholders.

A1.1 It therefore seems to us that allocating the bonds issued only to certain shareholders and non-shareholders is evidently against the law! – against the law -. In our opinion the shareholders had and have legal remedies to which they can resort on this matter. However, in the interest of the company at this point is it perhaps advisable to tolerate the existing situation?

A1.2 Art.2410 Italian Civil Code Limit to the issue of bonds, specifically: "The Company may issue bearer or registered bonds for sums not exceeding the capital paid up and existing according to the last approved financial statements." Now that the par value of the shares has been abolished, what is the reference capital?

A2) Elimination of the Par Value of the Shares

A2.1 I The Shareholders want to know what is the precise utility to the company of the proposal of the Board to eliminate the par value of the shares and what are the consequences on both the corporate governance of the company and other effects from a legal perspective (on this point we would remind you that: ENEL, ENEL GrPo, ACEA, A2A, Banca Intesa etc. all have shares with Par Value, while ENI and UNICREDIT, for example, have shares without par value) . We would like the Board to provide us with the numbers regarding the economic and financial consequences of the various cases for the shareholders:

1) The economic consequences (costs for the Company) if any shares are allocated to employees and/or Management
2) Economic consequences (costs for the shareholders) if there are any increases in capital, winding up, etc.

A2.2 We are not certain that there is any advantage for the shareholders in the abolition of the par value of the shares; in particular, we have questions about the allocation of stock options to employees in relation to the MANY - too many in our view - "Long Term Incentive Plans" in favour of the employees (and for Management too, given the chance?); we discuss these aspects in point C) below

   B) Additional information on the structure of the Telecom Italia debt to be added to the Investors section of the website

B1 We consider it necessary to know the structure of the debt according to the following parameters, and that this information should be included on the Telecom Italia website, and in any event to obtain today, from the CEO, an opinion on the publication of the following information:
   b1) Debt in Bonds or Loans
   b2) Debt at fixed Interest Rates, Debt at Variable Interest Rates or other arrangements (hedged)
   b3) Average maturity and Average interest rate of the debt
   b4) Schedule of annual maturity of the various types of debt

We would refer you to the website of listed company A2A for an excellent example of presentation of the schedule of maturity and types of debt.

We would like to know how the negotiation and renegotiation of the company's debt is carried out, and who in the management structure has Formal Responsibility for this, if this is based on some point in the Bylaws or in an Internal Organisational Document.

   C) Allocation of shares to employees - Long Term Incentive Plans

The introduction of a number of Long Term Incentive Plans for employees has been formalised in the Telecom Italia Bylaws over the years. Nine Long Term Incentive Plans, to be precise. Decided, it is declared, in the various Shareholders' Meetings in 2009, 2010, 211, 2012 and 2013. More than one a year! Of these plans, a total of 8 had, or would have had if fully implemented, the effect of increasing the capital by a total of 950,100,000 euros, in practice, the equivalent of around 70% of the Share Capital!

For some Plans, the date of the corresponding increases in capital is NOT indicated!

We ask the board to formally answer the following questions:
C1) if the respective increases in capital have been actually implemented, and which ones, indicating any remaining part that could still be implemented, and their expiry dates;
C2) if there was a cost for the Company in relation to the subscription price of the share issues corresponding to the respective increases in capital, and for which ones, and what the consequences were for the SHARE CAPITAL;
C3) if the Management as well as the employees benefited from the share issue, and at what cost, if any, to the Company;
C4) what the impact will be of the outstanding sums not yet implemented in relation to the elimination of the par value of the shares.

As non-employee shareholders, our impression is that there may well be a possible conflict of interest for the Management, and the implementation of these plans could excessively favour the employees (and also the Managers?), to the detriment of the other shareholders, while long-standing shareholders should also be rewarded.

In this respect, we would ask that the allocation of shares to shareholders at the same condition as for employees through the Long Term Incentive Plans that have not yet been implemented be put to the vote, now or in a future shareholders' meeting, or, alternatively, that the portions YET TO BE IMPLEMENTED be ELIMINATED. We would also ask that the economic consequences (ANY additional costs for the Company) and ALSO the IMPACTS ON THE SHARE CAPITAL, INCLUDING FOR THE PAST, as well as the ways in which Long Term Incentive Plans will be implemented in the future, for those parts yet to be implemented (see points C1 to C4 above), be detailed, through publication on the Telecom Italia website.

D) **Comparison of financial data from the previous financial statements at 31/12/2012 of Telecom Italia, Vodafone and Wind (not with the financial statements to be approved today).**

Conclusions: The Revenues per employee are: Telecom Italia, 0.35 MLN at group level and 0.23 on the domestic market, 0.79 MLN for Wind and 1.06 MLN for Vodafone. The same Ratios for EBIT and EBITDA! See the above!

Conclusions on the Cause of the imbalance: the Number of Telecom Italia Employees (and hence of costs in general) is excessive compared to Vodafone and Wind because of
the operation and maintenance of the network; Vodafone and Wind, in practice, have only Sales Staff, who focus only on sales.

Consequences for the Telecom Italia Shareholders: A continual TRANSFER of WEALTH from the Telecom Italia Shareholders to those of Vodafone, Wind and other operators.

Remedies: 1) To set a medium-long term goal of changing the "ideological" legislation on Competition (AGCOM), with AGCOM expecting to IMPOSE on Telecom Italia Prices that are beyond any economic or market Logic. See on this point the AGCOM demand (against the EU opinion) to decrease the LLU rental charge from 9.28 to 8.68, a reduction of 6.48%! (AGCOM communication dated 11/07/2013), in this respect we believe that the AGCOM demand can absolutely be challenged in legal terms, since the Law on this topic does not set out any particular method for calculating rental charges and nor does it attribute such powers to AGCOM itself, in our view.

2) To set a medium-long term goal of changing the European tax legislation by which companies earn revenue in an EU Country and then "by simply opening an office" called a REGISTERED OFFICE do not pay any income tax in the Country in which they have earned the Revenue, a de facto change to the rules on competition!

This actually happens in the field of TELECOMMUNICATIONS with Telecom Italia's competitors!

E) Strategies for COST REDUCTION and Competitive Conditions

E1 Relations with Government agencies: Telecom Italia, on both group level and as a single company, must respond blow for blow to every pressure and so-called "decision" made by government agencies (AGCOM or others) that damages Telecom Italia (such as the reduction in LLU rental from 9.28 to 8.68, a decrease of 6.48%!) using COST REDUCTION strategies.

And why not COMPENSATION FOR DAMAGES claims against government agencies, if the Judiciary, at the initiative of Telecom Italia, determines that the action or actions of the government agencies, including AGCOM, are unlawful, against the Law or otherwise detrimental to the interests, image and reputation of Telecom Italia.

Is it possible to have an update on the status of the legal discussions with AGCOM about the various "fines" and the reduction in LLU rental from 9.28 to 8.68?
I am sorry to say this, but given that the Government is showing that it does not want to protect the economic institution Telecom Italia but instead often deliberately damages it, Telecom Italia can resort to state funded temporary or permanent redundancies, corresponding to the fall in revenues caused by government agencies themselves.

**E2** Maintenance of the network: Our Red Pandas with the Telecom Italia logo are on the road, doing maintenance work, all over Italy! Obviously, the correct operation of the network, and assistance to customers, are fundamental (even if the people doing the work are often seen in the village bar!!).

What is the Cost/Benefit ratio of the network maintenance costs and the revenues generated for the use of the network itself by our competitors?

**E3** Situation with Competitors or equality of conditions: The CEO told us in December that Telecom Italia S.p.A, a company legally resident in Italy, paid 8 billion in taxes and duties to the State in the last 5 years! (TI pays 27.5% corporation tax (IRES) on the company profits and then the shareholders in turn pay 26% on the dividends distributed!).

Has Telecom Italia undertaken a study of the competitive disadvantages, if any, that it must suffer on the Italian market, having to compete with subjects that have their registered offices abroad? Are there aspects that alter the equality of the competitive conditions with competitors that are foreign subjects who operate in the field of telecommunications?

As shareholders we would be grateful to also be informed on these aspects, so we are able to prepare appropriate action against the Public powers and Government Agen.

**F) Commercial and Business Strategies for the future**

**F1** Digital Agenda: Francesco Caio has completed his work of commissioner for the Digital Agenda. There have been declarations that the implementation of the Digital Agenda, a "real reform of the State" in a year and a half would have extended electronic invoicing to regions and municipalities, electronic payments and the electronic health records, generating 8-10 billion euros in savings by "the publicly owned machine".

Francesco Caio worked on electronic invoicing, a supporting column of digital taxation. Digital identities underpin the dissemination of e-government and private sector services, in which Italy is experiencing notable delays. The single personal
information database will be used to reorganise the government's software in an innovative way.

There are 30 implementing decrees on standby, inherited from the Monti government, while the infrastructure needs developing, as stated in Caio's report on broadband.

In the meantime, AgID, the Agency for a Digital Italy - the former Aipa, former Cnipa and former DigitPa - has been given Bylaws (the previous version was turned down by the Corte dei Conti (Court of Auditors) in 2013. Publication of the Bylaws in the Official Gazzette is a step forward; now the roadmap prescribes a decree appointing the directing Commission and the SPC Committee (the Committee for the Public System of Connectivity) The Committee - which will develop the Strategies of the Agency - will be appointed by the Prime Minister's Office, and hence Letta's successor Matteo Renzi.

From 9 June next all the central government departments will only be able to accept invoices in electronic format. But a decree is needed to extend the obligation to local government offices from June 2015.

I wonder, and think that all Telecom Italia Shareholders are wondering: What is Telecom Italia doing to enter into this promising area of business?

Telecom Italia, also through the "Impresa Semplice" structure, should possess the know-how needed to connect the different offices of local authorities, now metropolitan cities, together, through our networks, connecting possible associations of municipalities, or municipalities with regional authorities and regional authorities with central government, maybe after the reorganisation of Title V of the Constitution based on their respective competencies.

Organising dedicated and protected intranets, that can be accessed to view only, as well as to modify, accesses with electronic badges, passwords and the rest!

Electronic invoicing, management of government payables, etc. etc.! Telecom Italia is technically ready to make offers to the government, including unsolicited ones?

Why not use the European Funds that will otherwise be timed out for these activities?

Have the appropriate government agencies been contacted about this?

G) **Bylaws and Governance of Telecom Italia**

G1 Sale of Assets - Limits to the powers of the BOD: In today's Shareholders' Meeting, the Change to the bylaws of Telecom Italia is not on the agenda; but we think that a Revision of the Bylaws is INDISPENSABLE in order to better define the POWERS OF
THE BOARD and STRENGTHEN THE POWERS OF THE SHAREHOLDERS' MEETING.

For example, the shareholders' need to be protected in the Management of major Assets of the company and the Group, submitting certain major decisions to the scrutiny and APPROVAL of the Shareholders' Meeting. To do this, I am in favour of defining a limit to the independent decision-making power of the Board of Directors in the Bylaws, establishing both a ceiling value in the sale of assets and the association of the quality/importance/value of the assets.

G2 Definition of the Network as a Strategic ASSET: It seems to me that the shareholders have received no further reports about the fate of the Presidential Decree containing "Regulations for the identification of assets of strategic importance in the energy, transport and communication sectors". Could the Board provide some information on this.

Mr. Mancuso, having asked that his speech be summarised in the minutes pursuant to article 2375 of the Italian Civil Code, and that the minutes be sent to his home, referred to the comments made by the Chief Executive Officer on the need to concentrate on concrete issues, and on the business plan, and by Mr Fossati on the need for a change of direction; in this respect, the shareholder expressed the hope that in the future there would no longer be conflicts of interest, with the elimination of interference by Telco and Telefónica. On this point, the shareholder referred to the notion of "opaque capitalism" (coined by Guido Rossi) and of "year zero capitalism", and expressed the hope that the past of Telecom Italia could finally be put to rest, as the Chief Executive Officer seemed to want to do, declaring to the press that he wanted to make "impartial choices in the interest of the market". The shareholder emphasised that indeed there was a need to reconquer the faith of the market, but pointed out that this would be difficult, particularly because of the weight of debt burdening the Company; indeed, he recalled that according to an article in Sole 24 Ore, the stock market capitalisation of the Company had fallen 10 fold in the last twelve months. And as for the notion of the "market" to be referenced, the shareholder invited the company to consider not only the international funds, which operate for speculation, and often even outside the official market (as demonstrated by the uncertainty surrounding the percentage ownership of a US fund, at the last shareholders' meeting) and the banks
(which, if results are not achieved, prefer to sell off their shares to avoid making balance sheet adjustments), but to also consider the small shareholders, who are strongly penalised precisely by the activity of the speculative funds, and by the absence of a dividend, which makes the Company a "tree with no fruit". The shareholder then posed some detailed questions, asking if complaints had been filed pursuant to article 2408 of the Italian Civil Code; what the status of the criminal, civil, administrative and fiscal dispute of the Company is; if sanctions had been ordered by the regulator for dominant position situations or similar issues. The shareholder emphasised that disputes should be avoided, particularly by major listed companies, since they cause triple damage: loss of image, the economic cost of the fine and in all cases the cost of defence. The shareholder then spoke about the issue of personnel, and asked what the reason was for the constant increase in the number of Company employees, which represented a major cost also because of the "fiscal wedge"; he then invited the company to pay the greatest attention to this issue in the future, stating that according to data from the Mediobanca studies office, the number of employees had increased by over 8,000 in the last two years. He concluded by asking how many people had been promoted to management in Italy and abroad in the last three years. Invited to conclude his comments by the Chairman, Mr. Mancuso finally asked what initiatives the company intended to take to reduce the debt and the average interest rate applied to the Company, and the amount of money paid in interest; finally, he invited the company to pay the greatest attention to the topic of broadband, which for the shareholder should be considered a kind of social entitlement of each citizen, and he asked for information on the derivatives posted in the financial statements and the results for the quarter.

Mr. Bava, stated that he would be speaking on his own account and also as a representative of the association that was being created called Nuovo Modello di Sviluppo, the bylaws of which were available on the website www.marcobava.it. The shareholder then referred to the statement by the Chief Executive Officer that "finance is a means, not an objective", and that efforts should be concentrated on the business plan, and emphasised in this respect that the planned investment in evolved networks (3 billion euros) is not enough: the financial market, he continued, is expecting more advanced projects, but at present the conditions do not seem to exist for the step after the one proposed here, by integrating the
networks through an international multi-utility company; the shareholder considered it positive that the project to spin off the network had been set aside, but warned that basing strategy solely on the quality/price ratio is risky, since, if the macro-economic indicators do not improve, the proposal for higher quality may not have room on the market, all to the advantage of competitors. So the shareholder emphasised that in his opinion measures such as the sale of the towers and the issue of mandatory convertible bonds were not enough, a traditional type of increase in capital is needed, in the context of which Telco could make new investments, assuring an injection of cash for the Company while also showing that it really does want to invest, not just control the business with limited expenditure. The shareholder then reminded the meeting that from 30 June 2014, with the direct entry of Telefónica, the situation could change: in the past, in similar situations (such as the Edison/EDF affair) there was a true "colonisation" and there is a risk that this will be the case in Telecom Italia, with colonisation by Slim, through Telefónica. The only way to avoid this conclusion, the shareholder warned, is the launch by Telefónica of a tender offer on Telecom Italia, but the law proposed to deal with this has been held up, despite the efforts of Massimo Mucchetti in Parliament. Even if today we forget all these circumstances, the shareholder complained, we will be forced to recall them when Telefónica does to Telecom Italia what EDF did to Edison: impose a foreign chief executive officer who takes orders from the foreign shareholder.

The shareholder then asked what the future of Olivetti would be, and ended his speech with three recommendations to the management: to make every effort to bring back into the company work that has been contracted out - in fact, he emphasised, this is an indication of quality, because it allows the user to interface directly with Telecom Italia technicians, who excel in training and professional tradition; avoid having recourse to foreign call centres (located in Albania in particular), since the telephone contact represents the calling card of the business, and is maybe more important even than publicity; bring the registered offices back to Turin, possibly at TI LAB, which would save costs, have advantages in terms of image and would also be coherent with the business plan. On this last proposition, the shareholder asked, finally, if the company could withdraw from the rental contract for the Milan offices.
Mr. Parisciani thanked the Company for its proximity to the world of the disabled, which had enabled major objectives to be reached, both nationally and internationally; he recalled that thanks to Telecom Italia work contracts, it had been possible to create a cooperative (Il Ponte) which had carried out a study of work ergonomics related to degree of disability which had received world praise during a major conference in Rome in the presence of many important people. This study, he went on, had allowed ad hoc structures to be created based on the principle that it is not the person who must adapt to the Company, but the Company that must adapt to the specific needs of the individual people, under the slogan "What is human is also economic, and not the other way round". Now that the initiative was coming to an end, due to the retirement of the workers involved, the shareholder wanted to thank Telecom Italia and all those who had worked on the project, particularly Mr. Gianluca Pancaccini and Mr. Claudio Sordi, as well as Mt. Bellatreccia and Mr. Cipolletta from the company services department. The shareholder then emphasised that these and similar initiatives demonstrate an approach to the issue that is not based on compassion or on the search for merely financial assistance, but on assigning to the disabled jobs suitable for them, that then enable models to be created that contribute to change the culture of the area in which the initiatives take place. So the shareholder vindicated the choice of undertaking concrete initiatives that bring visible results, such as the mobile polyclinics, the "health trolleys", and the so-called "automated meals", all created in the wake of the studies of "civil economy" carried out by Professors Zamagna (University of Bologna), Bruni (Bicocca University, Milan) and Stecchetti (Tor Vergata University, Rome), in the hope that in these years a new corporate culture had been created.

Mr. Mitri read the speech which was then delivered to the Chairman's desk and reported below.

“Good morning Chairman, good morning everyone, I am Tonino Mitri, small shareholder, employee, ASATI member. A long term investor like many of the hundreds of thousands of small investors that ASATI, as always, seeks to represent.

As stated on other occasions, we are in love with the idea that a modern and democratic capitalist system is finally developing in Italy. We believe in real public companies, in
which shares are counted and not weighed, where even small employee shareholders, like all the other shareholders, are able to be represented in the governance of the company, as already happens in more advanced countries.

For this idea, we dream and love the idea of a Telecom Italia that is a true public company, with a board that represents all the capital, proportionally.

We acknowledge that it was Mr. Patuano who took the first steps in this direction, and praise him for this, but the corporate governance has not yet been changed in formal terms. The representation on the Board, this evening, will probably be found to be unbalanced, with 4/5ths of the directors from the slate representing about 20% of the capital and just 1/5th of the directors from the minority slate representing 80% of the ordinary capital of TI.

To give weight and experience to the tiny minority representation on the Board, we invite everyone to vote for the slate submitted by Mr. Fossati’s Findim, and ASATI, which presents five people with considerable professional experience and is distinguished by the presence of experts in telecommunications. We would mention, in particular:

Mr. Vito Alfonso Gamberale, engineer, proposed as Director and Chairman of the Board - one of the best Italian managers there has ever been, who certainly needs no introduction at national and international level, a "civil servant" who has generously made himself totally available to this enterprise, declaring that he is willing to resign from other offices he holds where there might be a potential conflict of interest, demonstrating that he not only thinks, but that he also has a strong emotional bond with the company and its vicissitudes. Former CEO of Telecom Italia, of TIM and of Autostrade per l’Italia, champion of value creation in public/institutional and private entrepreneurship, father of Telecom Italia Mobile and the prepaid card, as well as many other extraordinary successes, such as the Italian infrastructure funds.

Mr. Franco Lombardi, engineer, proposed as Director - Chairman of Asati, the association for small Telecom Shareholders, who has championed the defence of Telecom Italia for many years, as well as being a researcher and expert in latest generation telecommunications networks and former Top Manager at TI, who participated in the introduction of optic fibre in TI from 1976.

We must all thank Mr. Fossati with our votes. A true Italian, he has, through Findim, invested a considerable amount of his wealth in Telecom Italia, and has engaged
directly not only to defend his own and our investment, but also to stimulate the adoption of the corporate governance of a true public company.

His action at international level has brought TI into the public eye, highlighting its strategic technological and industrial importance in Latin America, and its political importance on the Mediterranean European scenario, from a perspective of the proper valuation of assets and capitalisation of the listed parent company.

Whatever the results of today, for the first time in Italy, thanks to the request of Findim, supported by ASATI, the shareholders’ meeting is electing the Chairman directly, a result in itself extraordinary, a first seed that will grow in an ineluctable future of a true Public Company with the election of a Board that is more fairly proportional.

The action of Findim and ASATI is not negative, but aims to strengthen the decision-making autonomy of the CEO and the Independent directors on the Board against any special interests.

Those who know Telecom Italia know that it is an extraordinary company, transformational in technology and advanced management. The higher debt generated in the past (leveraged buyout) is substantially falling, and the presence of a cashflow and EBITDA that are still considerable bodes well for the future.

With the new generation infrastructure networks, Telecom Italia, if well managed, will become, in those markets in which it is present, the fulcrum of business models of all kinds and nature, integrating old and new services/products that perhaps have not been invested yet, in a single certainty: that development is only at the start, and a new world awaits us, new industrial revolutions that today are just at the start. I would like to mention just a few examples:

- very high definition interactive web TV, integrated with all the current personal communication services, with content and services in pay per use and/or with advertising
- E-commerce, with integrated advanced augmented reality services (such as trying a dress on virtually).
- the internet of things, for example: the alarm clock that rings early because information arrives and there is traffic, or training shoes that transmit the speed, distance and times to compete with other people from somewhere else in the world - in general, all objects can acquire an active role thanks to the internet
- three dimensional printers, that enable prototyping and physical creation, in-house, of products, starting with a design drawing present on the internet or developed online in collaboration with other designers, perhaps from different parts of the world.

- The phenomenon of makers and DIY, which every day invents new products on open hardware (*) platforms and open source software(*) that are revolutionising home automation, robotics, the world of artists and designers (*one protagonist is the Arduino platform, a worldwide success produced by Italian creativity, conceived and designed, first, by the Interaction Design Institute of Ivrea founded by Telecom Italia/Olivetti)

- The development of wearable services, such as, for example, Google Glasses (where there is an agreement between Google and Luxottica), but also watches, and even more so, what Italian manufacturing could do with clothing.

- From virtual reality to augmented reality, such as the exploration of a city by pointing a smartphone, or its successor, remote robotic surgery, advertising or even internet games with augmented reality.

Recent studies have brought to light the fact that, in the next few years, behind most lines of communication there will be not a human being, but more or less complex and microscopic robots, with sensors and actuators.

In these fields, much will depend on the possibility of a new Italian renaissance, which is possible, we only need to want it. Advanced communication networks are the foundation, so Telecom Italia, business incubators for start-ups, such as TI's Working Capital, Italian creativity and genius, and the awareness of the new political class that more can and must be done; for example:

- in eliminating bureaucracy and simplifying government procedures, by strongly backing the plans for E-government

- in defining a regulatory framework that is certain and shared, promoted both nationally and in Europe, that enables infrastructure investments to be made in NGN networks for a proper return (Return Of Investment).

- in more favourable tax arrangements for infrastructure investments and start-ups.

To conclude, a short reminder for all of us, and for the Renzi government, in which we place so much faith; according to the Italian press, in the last few days, in Spain, action has started to block CDP’s Fondo Strategico Italiano, which wanted to buy Spanish company Deoleo to bring the ownership of historic brands Bertolli, Carapelli and Sasso.
back to Italy. With all due respect, this was only oil. Let's consider what might have happened if the object to contend was a telecommunications network, which affects the freedom of individuals and the security of the country.

The lesson: A country that respects itself, and is aware of itself, does not sell itself cheap, it always defends its strategic interests. Telecom Italia is a great Italian company that, like Italy and the Italians, deserves a new future as a world player”.

Mr. Ferrante, stated firstly that he had decided to speak after having seen the images of telecommunications equipment projected on the screens at the start of the meeting: as a former manager of Telecom Italia for 35 years, until December 2005, he indeed recalled his satisfaction, in the last few days at work, to ascertain the perfect state of conservation of the Milano Centro exchange, for which he had been made responsible for the execution of the works needed for technological change and the reduction in size of the equipment. Such tidiness, the shareholder recalled, was considered normal at the time he had started at the company - also due to major investments - but these days it has been lost, and it is possible to see exchanges that look like untidy "jungles" of cables and equipment, laid on the ground or attached to the walls. For the shareholder, in eight years the equipment has degraded excessively and he therefore expressed the hope that the greatest attention would be paid to the network, which constitutes a very important asset for the Company: it is true that investment is needed to face market demands, for example, in broadband, it is also true, the shareholder warned, that the existing network, which constitutes the foundation on which the future is to be built, needs to be maintained in a good condition. For the shareholder, the reasons for this decline were attributable to the cost cutting of the last twenty years and he therefore again recommended that the company avoid excessive containment of maintenance costs.

Mr. Rencurosi, referred to the declarations made by the Chief Executive Officer, which the shareholder felt were optimistic, according to which the current Board had created value for the Telecom Italia shareholders: in his view, the person making this statements in reality wanted to make fools of the shareholders, or is living on another planet or, more likely, both of these things. The shareholder therefore complained that although it is a general rule that at the end of their period of office Directors should - as Mr Bernabè did,
make a parting statement to employees, collaborators and shareholders, the Chairman and Chief Executive Officer had made no statement to the small shareholders, even though this year - and the shareholder hoped that this would not be repeated - they have seen the dividend reduced to zero. The shareholder then expressed, with irony, the reasons why the shareholders might today thank the Board (apart from some of the independent Directors): for having reduced, in these years, the Telecom Italia share price from 1.15/1.20 euros to the current 0.84/0.85, a 26% decrease; for having brought the share price to an absolute low of 0.47 euros on 26 August 2013; for having caused Telecom Italia shares to be degraded to junk status by some rating agencies. The shareholder therefore referred to the statements made by the Chief Executive Officer regarding the crisis situation in which the Board was operating, emphasising that the crisis penalised all operators, but some had been able to achieve positive results: the shares of Vodafone - a company that Mr Patuano did not mention in his report - increased from 151 euros in April 2010 to 218 euros today. The shareholder again ironically listed further reasons for which the shareholder could today thank the Board of Directors: the savings derived from the synergies with Telefónica, which totalled 168 euros per year for Telecom Italia, compared to the initial estimates of approximately 2-3 billion per year; the decision to sell La7 to Cairo Communication for a million euros, to recapitalise La7 for 88 euros and therefore to renouce 100 million euros of credits; the launch of products - such as the videotelephone - which proved to be resoundingly unsuccessful. The shareholder then spoke about the issue of pay, stating that recently the press published the usual list of the highest paid managers in 2013, and top of this list was former chairman Bernabè, with his 8,258,000 euros, and would be in the top twenty even without his end of mandate indemnity, with remuneration corresponding to around 22,000 euros per day; Mr. Patuano received 1,042,000 euros in 2013, and was only 67th in the list, and so Telecom Italia, he commented ironically, can boast of two managers among the best paid 70 in Italy in 2013. The shareholder complained that the sums paid to just these two managers represented 2.5% of the total expense in 2013 for the payment of dividends, and that the Board appeared to want to reduce the debt by cancelling the dividend only. He then asked if it was true, as reported in some authoritative financial newspapers, that in the meeting of the Board called to approve the 2013 financial statements (and in which that decision to not propose a dividend was made) the possibility of carrying out an increase in capital of around 170,000,000 euros was mooted.
The shareholder emphasised that recourse to solidarity contracts to support workers threatened with redundancy did not reconcile with a remuneration policy that, for the umpteenth time wanted to reward the managers at a time of crisis, when in fact there had been a noticeable fall in turnover. In the past, the shareholder continued, extensive recourse was made to stock options and incentives to senior executives and top managers, while in the future it would be preferable for their remuneration to be related to the results they had actually achieved: today, the shareholder stated again, the managers of Telecom are "notably overpaid", given the negative results. This system is no longer tolerable, he concluded, and must give way to one based on merit, a notion that today seems alien to the managers of the Company: he therefore hoped that the next Chairman would acknowledge this and would be able to put a stop to this trend, which he considered shameful.

Mr. Mazzitelli, started by stating that his name might be familiar because it had been mentioned in the stories about the affair that involved Telecom Italia Sparkle and Fastweb, which the shareholder defined as "heinous". He therefore wanted to talk about this affair, pointing out that everything he would say was amply documented and documentable, and he was assuming all responsibility for what he said, henceforth. His speech today, the shareholder continued, was due to his conviction that an affair of such magnitude, with such implications, could not be characterised by fragmentary information, some of which biased, others criminal, others again negligent, disseminated through the press also by Directors, former senior managers of the company and the Judicial Authorities. The shareholder then reminded the meeting that he had been Chief Executive Officer of Telecom Italia Sparkle from 2002 to 2009, and had also had responsibility for European broadband, from 2005, and for international operations from 2008; he emphasised that he therefore knew Marco Patuano well, and wanted to associate himself with those who considered him a manager suited to the new course of the business. The shareholder asked that this new course be radically dissociated from the tendencies of the past, and in particular from a management of relations with the Judicial Authorities that, in the affair he himself had been involved in, had been absolutely incredible, in his view. Referring to the information on the affair reproduced on page 402 of the Telecom Italia financial report, Mr. Mazzitelli recalled that he, together with two colleagues, had been arrested, and remanded in custody, in isolation: news which was widely disseminated in the media and
which was the subject of broad interpretations, announcements and declarations also, he emphasised, by members of the Board of Directors and the top management of the company in general.

The affair ended with all the Telecom Italia and Fastweb managers being acquitted on 17 October 2013, the Court having rightly recognised that these companies had been victims of a fraud; this verdict is also mentioned on the same page 402 of the financial report, without it being stated, however, that this was a complete acquittal pursuant to article 530 of the Criminal Code of Procedure, and more precisely, the verdict was that the defendants had not committed the crime, in the case of the conspiracy charge, and that the facts did not constitute a crime, in the case of the charges of a fiscal nature.

The shareholder then recalled that, according to the information that had emerged during the trial, the affair presented some strange aspects from the start: for example, the order to remand the defendants in custody had been signed in August 2009, moreover, by an investigating magistrate in the holiday session, and only executed in February 2010. As for its content, the order to remand the defendants in custody appears wholly paradoxical (as the company could have found out for itself, since it had all the relevant documents available to it, and since it would have been a serious matter if it had not consulted them), and did not in any way correspond to the facts, based as it was on the notion that "they could not have not known", i.e. on the worst kind of speculative accusations, and indeed this was rejected at trial. The shareholder referred to some statements made by the investigating magistrate contained in the remand order regarding "the artifice with which Telecom Italia Sparkle and Fastweb had created VAT credits for millions of euros for themselves" and that "they allowed Fastweb and Telecom Italia Sparkle to create enormous amounts of black funds which constitute the primary object of the money-laundering activities". These are statements that the shareholder defined as crazy (since they could be recognised as such by anyone with even minimum knowledge of the management of VAT in general and of these aspects in particular), and technically false; in particular, he emphasised that the flows regarding VAT payments were reconstructed in full by the Guardia di Finanza, since they were made with normal traceable bank transfers, in an absolutely transparent way.

The shareholder dwelt again on the role of the company in the affair, emphasising that in his view it should have sought to claim these arguments and defend its managers against
false accusations, but instead had chosen to adopt a very different and indefensible attitude, as demonstrated by a number of circumstances that the shareholder listed: the fact that the financial reports after the affair (documents of great importance, since they constitute the principle information tool for investors, analysts and the national and international press), listed a series of crimes, including some very serious ones, that had never been alleged by the public prosecutors; the fact that in the model F20 sent to the SEC, as early as 2012, it was stated that the managers had been imprisoned; the fact that in March 2010, La Repubblica published an article in which Mr. Mazzitelli was accused, in person, of having boycotted the Sparkle sale, cast doubt on the reasons for his exit from the Group (in reality caused only by conflicts with Mr Stella), and leaking information about liability proceedings instituted against him by Telecom Italia Sparkle, something that was known only inside Telecom Italia which should not have been made public, all on the day Mr. Mazzitelli was giving evidence at the review court, and hence with suspicious timing. All of this, the shareholder stated, in a situation in which Telecom Italia had all the information it needed to know that Telecom Italia Sparkle had always been managed in a completely transparent way. The shareholder again emphasised that in this affair, the public attitude and communication strategy of the company had been particular serious. It permitted the dissemination of information about people under investigation, and contributed to create a media storm that made the management look guilty, while on the other hand it made no contact with those accused to share defence strategies, and displayed a "deafening silence" when the accused managers were completely acquitted. Such an attitude, the shareholder went on, could lead one to believe that the company had been hoping for a guilty verdict, even though this could have consequences pursuant to law 231, and hence also on the economic results of the Group.

The later attitude was equally serious, he continued. This permitted the dissemination of an internal investigation report that was tendentially not impartial, and in some parts false, to the point that one must wonder if the company assigned to produce the report had been in some way induced to reach certain conclusions. Again the, shareholder referred again to the approval of liability proceedings against him, and recalled that, again according to the information on the affair in the public domain, there appears to have been a debate about the advisability of this course of action at a meeting of the Board of Directors of Telecom Italia, also relating this affair to the liability proceedings against the former executive
directors of Telecom Italia (against whom, he reminded the meeting, the Board decided not to take action); during this debate, the shareholder recalled, Mr Zingales made some defensible remarks reminding the board that legal precedent had established that liability proceedings require the presence of a private unlawful action - which was missing in the case in question - and emphasising that a decision to issue proceedings against Mr. Mazzitelli after having decided to not issue proceedings against the executive directors of Telecom Italia could be interpreted as being motivated purely by revenge, and inspired by the principle of "picking on the little guys only". Furthermore, the shareholder complained, again, in November 2010 the accused persons asked Telecom Italia to make available to them certain documents they needed for their defence, and this was refused, while it would have been advisable to collaborate as far as possible, considering that defence of the management also constitutes defence of the company; in reality, the accused were left to do the latter on their own, and by their activities during the proceedings, were acquitted and this can now allow Telecom Italia to defend itself in the context of the proceedings, still pending, pursuant to law 231. The shareholder then emphasised that he had received the severance pay he was entitled to after he had been acquitted, but that this had been "conditional", as if the Company expected or hoped that the verdict would not be a complete acquittal, or that there would be an appeal; instead, he hoped that in the future, even in any appeal proceedings, the Company would display a collaborative attitude and enable its defence to be coordinated with that of the persons accused.

In conclusion, the shareholder asked what the legal strategy of the Company was for future developments of this affair, and what costs have been incurred for the extra-trial legal activities for the proceedings; finally, he again complained that the Company seemed, from the start, to have had an attitude based on a presumption of guilt.

The Chairman, postponing specific answers to Mr. Mazzitelli’s questions to the reply phase of the meeting, emphasised that differing positions had emerged inside the Board on this affair, and the representations had been completed, on some aspects also after requests for further information from the Board itself; he reminded the meeting that the Board had received representations that were strongly supportive and others that had a different inspiration, but that on the last occasion that the Board had discussed the affair, precise instructions had been given to adopt an approach radically different from that of the past.
Prudence was necessary at the start due to concerns about the very large disbursement of funds that Telecom Italia risked having to face; moreover, differing positions on the fiscal transaction had also been expressed in Board meetings. However, he hoped that at least now Mr. Mazzitelli could have answers to his requests.

Mr. Comito, defining himself, like Mr. Mazzitelli, as "one of the survivors of this misfortune" that had lasted four years, and reminded the meeting that he had been a shareholder for many years, and had worked in Telecom Italia for 25 years. Having now recovered his proper composure after the acquittal verdict, the shareholder outlined his experience at Telecom Italia Sparkle, recalling that he had been commercial manager for the European region when the company was health, flourishing and appreciated by customers and suppliers, with which he managed normal commercial relations. As commercial manager - a function which was, therefore, totally unrelated to VAT or financial statement issues - he recalled that he had been woken up at 4 in the morning on 22 February 2010 and "slammed into gaol" for five months; he then invited those present to imagine what it might mean to live through such an experience, and to have to defend yourself against a true theory of incrimination based on the managers of Telecom Italia and Fastweb being responsible for connivance in a fraud so complex that it took prosecutors 4 years of work to reconstruct the financial flows that, given this complexity, could certainly not have been recognised as such by the accused people. Having reconstructed his own experience, the shareholder complained about the attitude of the Company, which sacked him without taking account of the presumption of innocence, and against which he had had to start proceedings in an employment tribunal, which ended in his favour. He then expressed his satisfaction with the decision made by the Court, which recognised that the defendants were not involved in the offences, even though the affair was very complex, and the international wholesale business model particularly complex, and above all, given the significant volumes of turnover, lends itself to insinuations of various kinds and to the possible criminalisation of the managers who worked there. He concluded by associating himself with the questions put by Mr. Mazzitelli, and then asked, in particular, what the Telecom Italia defence strategy was regarding the tax case, recalling that here too the people accused, in defending themselves, had also defended the company.
Mr. Corato, having complained about some organisational shortcomings regarding the shareholders' meeting, first of all stated that one of the factors that determines the value of shares is contendibility, as shown by the increase in the price of Telecom Italia shares after December's shareholders' meeting; he then referred to his own speech at that meeting in which he defined Telefónica's acquisition of a shareholding, in 2007, as the "original sin". This was a mistake for both parties, he continued, as the equity and financial data of the two companies between 2007 and 2013 shows, partly attributable to Telefónica's "delusions of grandeur", and in part to the Mediobanca's rush to find a solution, which then proved to be inadequate (as had happened before with the Pirelli affair). The shareholder then spoke about the topic of the different assessments of the value of Tim Brasil, emphasising that it is very possible that, over and above any objective value, this asset could have a "subjective" value for Telecom Italia, linked to the damage that its sale might cause. The shareholder then concluded by emphasising the importance of the objective of creating value for the shareholders, which in his view could be achieved by resorting to an increase in capital to dilute the weight of Telefónica (since there are other subjects, such as Sawiris, who have expressed their willingness to invest), or a demerger, an operation that usually leads to an increase in value, as occurred with the demergers of Pirelli/Prelios, De Longhi and Autogrill.

Mr. De Septis first expressed his support for Mr. Comito and Mr. Mazzitelli, and his disappointment with Telecom Italia's attitude towards them. He then recalled that similar judicial cases are underway, for example, the "false SIM card" case, in which the Company has also "abandoned" its employees accused of fraud, adopting a strategy of defending the strong at the expense of the weak. Having stated that, the shareholder said that he would be using slides to make a speech centred on three elements: morality, ethics and transparency, and expressed his disappointment that employees were not in attendance at the shareholders' meeting, demonstrating an incomprehensible lack of interest. As for the question of morality, the shareholder referred to the recent disputes after the statements made by the Chief Executive Officer of Ferrovie dello Stato (Italian State Railways) regarding the remuneration of managers of publicly owned companies, and emphasised that in Telecom Italia there are certain "executives with strategic responsibilities" who receive salaries even higher than that of Mr. Moretti, salaries that, moreover, had increased
by an average of 325,000 euros between 2009 and 2013, from 1,342,000 to 1,666,000 euros. On this point, the shareholder expressed the hope that in the future the number of senior executives would be reduced, and that the company would stop resorting to tools such as MBOs, LTIs, stock options and similar arrangements (including benefits such as company cars), which are a 40 million euro weight on the balance sheet.

As for the issue of ethics, the shareholder asked how the ethical choices of the Company (also expressed in its Code of Ethics) reconcile with what is happening in the CSA, a sector of the business that has been defined, in one sentence, as a true ghetto. More precisely, the shareholder recalled, the sentence states that "Telecom Italia's behaviour shows how the employer has moved a percentage of employees who have health conditions, disabilities or who require handicap-related assistance totalling 36.25%, with highs of 43%, and the judge continued by stating that, if this choice is related to the desire of the employer, as indicated in the agreement with the trade unions of 27 March 2013, to spin off the Caring Service division, there are founded elements for believing that the forced mass loading of employees with personal or family problems precedes the pre-packaging of a branch of the business that will be sold off, with the more advantageous redimensioning of the business perimeter. On this point, the shareholder stated that he agreed that there was a need to proceed with the reorganisations, but contested the method used in this case precisely because of its ethical dimension, and he hoped that the new head of human resources would take action. And returning to his earlier comments, the shareholder emphasised that the previous head of human resources had apparently received a golden parachute of approximately 3,500,000 euros, while it would have been preferable to adopt punitive measures, given such an unspeakable project.

As for the issue of transparency, the shareholder then discussed the Parco Dei Medici affair, recalling his speech at the last shareholders' meeting regarding the risks of environmental pollution in that workplace. The shareholder recalled that on that occasion he had asked that the company have all the necessary tests carried out, and make the results of the tests public, and had subsequently received an email from the Company which stated "the tests have provided broadly reassuring information", despite that fact that precisely at that time, two employees died. Continuing, the shareholder recalled that he had in turn responded to the Company asking, firstly, that he be sent an official communication from the Human Resources department, and the trade unions, in order to calm the workers at
Parco dei Medici (a communication that was subsequently published) and, secondly, that any- and everyone be given access to results of the tests carried out. On this point the shareholder then asked why access had not been given to the documents, despite repeated requests from himself and also from institutional representatives.

The Chief Executive Officer intervened to forcefully reject the insinuation that the Company might operate to the detriment of its employees' health and disdaining the results of a study it had itself commissioned and shared with representatives of the trade unions.

At the request of Mr. De Septis, the Chief Executive Officer further specified that the related documents had been made available to the trade union representatives, and that workers' representatives were welcome to identify another trusted subject who could further review the situation.

Mr. Volpe regretted having in the past compared Mr. Patuano to Captain Schettino, since it was others – and signally Mr. Bernabè – who abandoned the drifting ship that is Telecom Italia today; the shareholder then returned to the subject of Parco dei Medici, raised by De Septis, and emphasised that it is the interest, first and foremost of the Company, to check if there are any risks of environmental pollution of which the company itself could be victim.

The Chief Executive Officer again intervened to clarify that in recent years - also prompted by Chairman Bernabè – the Company had invested a lot in safety and decorum in the workplace; he emphasised that after the report by De Septis at the last shareholders' meeting the Company had immediately taken action, taking the issue extremely seriously, indeed, following the deeply rooted tradition whereby Telecom Italia pays particular attention to issues such as the support due to the families of employees who die at work.

Mr. Volpe thanked the CEO for the clarification and went on to express his disappointment with the results obtained, for which certainly the crisis alone is not responsible, since it affects all the operators equally. The shareholder emphasised, in particular, his disappointment with the customer service, which in the past was the pride of the company and now is so badly run that it is impossible for the customer to talk to an operator, to the point that on the specialised forums they are advised to use the "theft and loss" option - even if that is not the situation - to be able to speak to someone, although they answer from an Albanian call centre. The shareholder then stated that he himself had tested this, using a service provided by three different operators (Vodafone, Wind and TIM), and asking them
to reimburse 4 euros incorrectly charged; well, he went on, only TIM refused to proceed to reimburse him. In his opinion, the episode shows that the Company does not provide adequate assistance to its customers, when it should concentrate on precisely those aspects, rather than financial manoeuvres, to bring value to the shareholders. The shareholder then gave credit to Mr. Patuano for investing in projects for young people and start-ups, and invited him to continue in that direction, mentioning, for example, some recent projects at the Istituto Fermi in Rome, in which Nokia also had been interested. He then asked for clarification on the so-called "company shops" project, and complained that the Company is not competitive in pricing, and can no longer allow itself to justify prices higher than those of its competitors, as it did in the past, considering its greater territorial coverage. The shareholder concluded by hoping that there would be a generational change in the Telecom Italia trade unions, asking how many consultants the Company had used, and expressing his appreciation for the recent advertising campaign with Pif as testimonial.

Mr. Barzaghi stated that he did not want to just accept that, apart from the recent recovery on the stock market, the company at the moment gave no sign of any positive solutions, which could only come from a project of true unity between the majority and minority representatives on the Board of Directors. In recent years, he continued, decreasing company value has been consolidated practice, with the exception of the second term of office of Mr. Bernabè, who was a valid and honest manager, close to the world of the small shareholders and the company who, while having rightly attempted to change things around in terms of transparency and management, had not been able to achieve his objective. For the shareholder, Telecom Italia today, despite its exploits on the stock exchange, is a company that has not consolidated its presence, something that cannot happen without adopting partnerships models in Europe, taking similar experiences as reference, and developing industrial groupings that are economically and financially sustainable. The shareholder agreed with the need for change and unity raised by other speakers and, while recognising the commitment of the Chief Executive Officer that had brought the company to recover its image and credibility in the eyes of the public, in recent months, he thought that this was not enough for the change of direction that was needed, that the market has yet to perceive. The shareholder then referred to the shareholders' meeting in December, which he defined as historic, since it constituted an alarm bell for
the Board of Directors and demonstrated that if you want to change the Company you need to start with the unity of intention of all the shareholders; he then expressed his appreciation of the business plan presented by shareholder Findim and supported by Asati and the small shareholders, which highlights, on the one hand, the strengths of Telecom Italia, and, on the other, its weaknesses, such as the serious accumulated delay in transforming the "twisted pair" into an optic fibre connection. For the shareholder, the company needed to consider the advisability of collaborating - and not just competing - with other Italian and foreign telecommunications operators who already have optic fibre networks in Italy in urban centres, thus guiding a modernisation of the Italian telecommunications system as the necessary premise that will allow the company's heritage to not be wasted, by adopting a perspective of healthy competition and avoiding pointless industrial fights. The shareholder emphasised that in his view it was not acceptable to start fighting at a time when the industrial resources were reduced, investment capital was in short supply, and market resources are less than they were, due to the economic crisis. The company should instead exploit the enviable know-how that Telecom Italia retains, the fruit of the professionalism of the technical people that it employs.

Then, he went on, after years of "sudden disposals" it would then be necessary to exploit the property portfolio of the company in a more transparent and fairer way than in the past: disposals for the sole purpose of favouring industrial and banking networks are not acceptable, if they are not good for the company and its future. On this point, the shareholder asked if there was an up to date comprehensive valuation of the property portfolio, and how much it was worth, also in relation to debt reduction: he also asked how the company intended to proceed with the sale of the towers in Italy and abroad.

Further, the shareholder stated that he had recently had discussions with Prof. Giulio Sapelli, a well-known economist of international face, receiving from him a negative opinion of the past management regimes at the Company, an opinion that was in line with the positions of the professor, who is considered a tenacious supporter of the model of governance based on the public company model that has never been applied in Italy because of a short-sighted political class interested only in safeguarding its own specific interests and supporting its own political networks. The shareholder again emphasised that Prof. Sapelli on the one hand judged the role of the independent Directors a negative one,
since he considered them a kind of corporatist lobby engaged in promoting the interests of those who had sponsored their appointment, instead of the interests of the company, and on the other he criticised the practice of some Directors of sitting on the boards of many companies, because this creates the risk of running into inevitable conflicts of interest. The shareholder therefore hoped that the new Board would not go in this direction, and expressed his appreciation of the fact that, from the CVs of the candidates, it appeared that almost all of them held office in few other companies. The shareholder further stigmatised the recourse to stock options assigned in the past independent of the achievement of certain objectives, and invited the company to replace them with plans to incentivise the loyal shareholders, and with forms of employee involvement also in business risk, recommending that retired employees also be involved in such initiatives.

The shareholder asked about the results of the TIM shops, and the issues raised there; he asked how many shops were managed by third parties and what their future prospects were, also in light of the choice between monobrand and multibrand strategies. He further asked the degree to which the entitlement to work leave or special time off set out in law 104 for the parents of differently able children were used in the company, and spoke then about the Telecom Brasil issue - more precisely, asking what the Company's plans were on this subject - and then about the Telecom Italia Foundation, for which he recommended greater visibility, given that this is a strategic initiative. Finally, he asked if there were any plans for reorganisation of the open access department, the employees of which currently have an average age of 50 years, and if any initiatives were planned for the fiftieth anniversary of the SIP merger and the twentieth anniversary of the transformation of SIP into Telecom Italia. He ended by expressing his hope that the Chief Executive Officer and the Chairman would be able to work together for the common good.

Mr. Albini, presenting himself as a small shareholder who was attending the shareholders' meeting for the first time, expressed his appreciation for the Company's commitment to following technological evolution and at the same time asked that an in-depth review of the commercial system be carried out, stating that in his opinion too many resources were invested in advertising, while customer assistance was undervalued. He then related his personal experience as a customer, using it as an example: having decided to take up a Telecom Italia offer for a fixed line and mobile phones, he set out on a calvary of mishaps
- some passages of which he outlined - characterised by continual reminders, misunderstanding, inadequate if not rude responses, and unacceptable waiting times.

Mr. Costa, having stated that he spoke also as a consumer representative, recalled that the annual shareholders' meeting is the "shareholders' celebration", and so it was positive that so many were in attendance, however he suggested that in future the company consider the advisability of reducing the times available to each speaker, particularly to Asati, to avoid forms of "monopolisation of the Shareholders’ Meeting". Then referring to the introductory remarks by the Chief Executive Officer, the shareholder recalled a well known affirmation made by Gianni Agnelli, when he said to his dauphin "let's see what you will do when you're grown up". For the shareholder, this affirmation applied today to the Chief Executive Officer, who seemed to be going in the right direction with the contract concluded with Sky, which will surely change the commercial life of the Company. Telecom Italia used to be the fifth largest company in the world, the shareholder recalled, and for more than seventy years has represented a model of development, economy, professionalism and foresight. The shareholder now asked the Chief Executive Officer to break with the past: indeed, today the financial statements for 2013 must be approved, despite having profits at zero, but for the future what was needed was an intervention like that of Pope Francis, inspired by austerity and the curtailing of expenses, also by terminating the employment of managers who are not up to the Company's standards. The shareholder continued, complaining that the shareholders have seen the dividend reduced to zero and the employees, with their solidarity contracts, have seen their salaries decrease, while the bonuses for directors and officials are not reduced at all, and this, in his view, is now intolerable.

Again, the shareholder complained that after the false SIM card affair just three senior executives were deemed responsible and sacked; he also criticised the role of the trade unions and Mr Patuano's appreciation of them: he hoped that at trade union level, too, there could be a revolution, in the sense of the full participation of the workers as shareholders, as happens in the more modern European countries, and in implementation of article 49 of the Constitution. The shareholder then stated that we are witnessing a compression of the prerogatives of the Telecom Italia shareholders and pensioners, referring more precisely to the fact that Assilt, the pension body for employees and pensioners, is abolishing almost all
the prerogatives of a pension association, and privatisation is being encouraged. The shareholder ended by asking for clarification of the relations with Intesa Sanpaolo regarding the procedures for negotiating lines of credit, and, more precisely, asking who is responsible for these conventions, what procedures have been adopted and what advantages does Intesa Sanpaolo guarantee compared to the offers of other banks such as Unicredit.

Mr. Crusco, having noted the new peaceful atmosphere that has replaced the conflict of the past, emphasised, however, that in his view Telco had presented to this shareholders' meeting candidates that did not have the necessary skills: in the list are former directors of Eni and Terna, a baroness, and other personalities who to date have concerned themselves with air lines, publishing and other sectors, but with no experience in telecommunications. While recognising that Mr Patuano has great skill and is a good executive, the shareholder complained that the opportunity to make a real break with the past has not been grasped, as evidenced in choices that in his opinion were not defensible, such as those in the Argentina affair ("sold in a single night"), the mandatory convertible bonds (undertaken "with suspect timing and arrangements") or the property sales, in his view incomprehensible, especially considering that they were transactions in which properties were sold and then leased back. The shareholder then appealed to Mr. Recchi, whom he asked to actively monitor the work of the Chief Executive Officer, thus avoiding the errors of the past, and to be a Chairman in the interests of all the shareholders, not just of Telefónica, who therefore looks at the creation of value, avoiding fire sales of assets, especially property: the impression is that the management of Telecom Italia is characterised by the progressive impoverishment of the company, he stated.

The shareholder then reiterated his opposition to the sale of the Argentine assets and expressed the hope that the transaction would be blocked by the competent Authority, so that Telecom Argentina - a company that had always proved itself self-sufficient, in financial terms - could grasp the recovery of the whole Country and might represent an opportunity in the future. Again, the shareholder expressed the hope that the Telecom Brasil affair would end with a merger with GVT, which would also allow Telecom Italia to prevent Telefónica becoming the guide of company policy choices. Continuing, the shareholder then invited the company to not proceed with the disposal of the towers, and
expressed appreciation for the operation of the Telecom Italia Media multiplexes, and in this case too expressed the hope that they would not later be sold, but that the possible synergies between the various assets be exploiting, promoting a concentration of towers (including those of other operators) and multiplexes, thus creating a major media broadcasting company. Again, the shareholder invited the company to increase the investment in the network set out in the business plan, indicating the need to invest 10 billion from now to 2010; he also asked the reason why profits were being distributed to the savings shares and ended by inviting the Directors to focus on the internal market and to increase competitiveness, particularly on pricing.

Mr. Marino, after having complained that he had been unable to contact Mr. Bolis of Investor Relations, stated that he had waited over four months to receive the recording of the last shareholders' meeting, and associated himself with the earlier speakers in reporting the malfunctions of the 187 customer service number, the technicians of which are often unable to provide answers to customers' requests: for example, it is not possible to obtain information on the availability of optic fibre in certain municipalities. One often has the feeling, the shareholder complained, that Telecom Italia is a company that is deaf to its customers, shareholders and former employees: he therefore hoped that there would be a technical office capable of supplying adequate answers to the questions of the shareholders. He ended by expressing his support for the former employees involved in the Sparkle affair, and emphasised that there was no internal coordination of the various company structures reporting to the Chief Executive Officer (to the point that today there is a situation that is almost "anarchy") that is capable of adequately dealing with the various questions and petitions submitted to them.

The Chairman assured the meeting that the Company is constantly committed to providing precise and positive responses to all the complaints it receives: although shortcomings in specific circumstances cannot be guaranteed not to occur, there is on the part of Telecom Italia complete willingness to listen and enter into dialogue.

Mr. Marino stated that he had in any event been "scandalised" by the fact that some former employees had been forced to speak at a shareholders' meeting to protect their rights, which, moreover, are the same as those of the Company: this was an extraordinary issue, considering that two people had been arrested, and the shareholders could have been
better informed. The shareholder continued by acknowledging the newly cordial climate that emerged from the speeches made by Asati and Findim, but emphasised that he did not agree with the statements of those who had spoken today about a new beginning and restarting: since the Chief Executive Officer had not changed, he went on, the small shareholders had a duty to continue to point out unacceptable transactions. In particular, the shareholder criticised the recent sale, at a discount, of a high value property in Piazza Affari, which in the opinion of experts had a market value of at least 9,000 euros per square metre, and instead it was sold for less than 6,500 euros per square metre; there is even less reason to approve the transaction, he went on, if one considers that after the sale the Company leased the very same property at a very high rent, and also took responsibility for all the maintenance costs. Faced with similar choices (which the shareholder stated he had never seen anywhere else), the Chief Executive Officer, in his view, deserved to be replaced, and certainly did not deserve to receive, as reported in weekly magazine L'Espresso, 400,000 euros as an incentive, even though he had not achieved the targets set. Further, the shareholder complained that, continuing in this vein, there would no longer be anyone willing to invest in the Company and the shares would inevitably "sink". Then, invited by the Chairman to conclude his remarks, Mr. Marino asked some specific questions requesting: an update on the fine levied by the Italian Competition Authority on 10 May 2013 of approximately 100 million euros, considering that a last hearing was scheduled for the month of March; a comment about the Telecom Italia Media issue and its future developments, given that it is a company with losses of 130 million euros, that had sold La7 "cheap" at 1 million euros and paid former managing director Stella 2.5 million as a golden parachute; what arbitrations Telecom Italia had been involved in 2013.

Mr. Nardi, having invited the Board to take action regarding the network of dealers, in order to reprofessionalise them, referred to his own highly critical speech at the shareholders' meeting in December, and stated that today he wanted to make proposals, in particular regarding strategies. The shareholder complained that the recent past had been characterised by continual frustration with the permanent fall in the share price, the absence of serious proposals for the strategic relaunch of the business, the low level of speeches by shareholders at the shareholders' meetings, and the absence of initiatives for industrial relaunch. Although Mr Bernabè and Mr Patuano had shown that they had good
ideas, he went on, they had as yet not been able to transfer them into the running of the business and this, for the shareholder, was due to the fact that the Board was "completely subject to the Telco ownership" as underlined also by Senator Mucchietti. The shareholder therefore hoped that this situation would finally be overcome, and that there would be a change, and from this perspective, he firstly asked if the company was financially solid and able to sustain the permanent and growing relaunch programmes without having recourse to an increase in capital, and declared that he was against the proposal to spin off the network and sell Tim Brasil, instead inviting (the company) to set as targets growing the turnover, an approach to new geographical and technological areas, and the improvement and growth of the production structure. The shareholder also invited the company to rethink its choices on Telecom Argentina, asking if this sale like the sale of the towers were irrevocable operations; he also invited it to cultivate the TIM Brasil and GVT project, as well as to lighten the financial burden with an increase in capital aimed at precise targets for productivity growth. As an example, the shareholder cited a recent operation approved by Monte dei Paschi di Siena, a company that has been able to progress a clear and decisive plan, recurring to the increase in capital needed to support it. He concluded by expressing the hope that, as happens abroad, politics plays its part in supporting Telecom Italia.

Mr. Sbrocchi, having presented herself as a small shareholder and employee, complained that those who work in Telecom Italia are often considered by the Company to be a threat, rather than a resource to protect, a serious issue because anyone who works here does so in the interests of the whole company, including its senior executives. She complained in particular that some employees become "invisible" when it comes to seeking people with skills and professionalism inside the company, because the human resource managers sometimes foster their own friends rather than those who work seriously. For the shareholder, this attitude represents a kind of boycotting the Company from the inside, and she therefore asked the Board to put a stop to this kind of behaviour.

The Chairman interjected to assure the meeting that this complaint will be handled with the greatest attention.

Mr. Sbrocchi thanked the Chairman and invited the company to pay specific attention to the issues she had raised, since she had had the opportunity, in the past, to see that the
human resource managers took no notice of her complaints, but on the contrary adopted attitudes that can only be described as spying and intimidation of the employees. She then invited the Board to focus on technology and innovation, and complained about the absence of a dividend.

The Chairman stated that there had recently been a great change in strategy, from an attitude that paid most attention to the debt to one that placed investment in the components of technological innovation and research at the centre, with the precise aim of increasing revenues.

Mr. Sbrocchi replied that these are the common aims of both senior management and employees, but the functions that connect these levels seem, instead, to be focussed on other targets. The shareholder again emphasised the importance of technology, the advance of which permits no delay, and also expressed some aspects of its use that perplexed her, in that it was sometimes focussed on objectives that were not defensible. The shareholder continued by pointing out that the company needs to rethink the business model of the past and think of the future, involving all the components involved (senior management, employees, small and big shareholders) to bring success back to Telecom Italia, isolating those functions that undertake boycotting if not true industrial espionage. The shareholder concluded by expressing the hope, on this point, that laws are passed that can discipline the new technologies, both in relation to unfair industrial competition and more generally in relation to the limitations and objectives of the technologies themselves.

Mr. Albano, having stated that he would be speaking as a representative of Talete Corporate Governance Consulting, pointed out that it had emerged from the discussion that on the one hand there was appreciation of the improvement in corporate governance, and on the other there were critical judgements regarding the persistence of potential conflicts of interest linked to the presence of Telefónica. The shareholder therefore asked if, after the exit of the representatives of Telefónica from the Board of Directors, something had changed in the work of the Board, and if the proposed conversion of the savings shares had been considered; he expressed the hope that such a proposal would be considered, since it represented an improvement in terms of corporate governance and the elimination of an inefficiency in the structure of the Company's capital, as well as sending a strong signal to Telefónica.
The remarks of the shareholders having come to an end, **Director Luigi Zingales** took the floor to express his thanks and best wishes after seven years' service on the Board of Directors; he then thanked the personnel of Telecom Italia, people who had done their duty even when faced with so much criticism, and with salaries that on average were not wholly satisfactory, also because of the changes made to the long term incentive plans - changes that the Director recalled having contributed to approving - in the sense of linking their execution to the return on the shareholder's investment. Further, the Director thanked the shareholders, who had remained faithful to the Company despite the obvious difficulties it had faced in recent years, and which had stimulated debate, sometimes very lively but in any event always fruitful, and improvements inside the company. The Director then claimed that in the last seven years the Company had improved in many respects, for example, in terms of senior management remuneration (notably reduced from the 2007 levels, when there were 3 senior executives who earned over 2 million euros) and of transparency, above all in corporate governance decisions. On this point, he mentioned the utility of audits such as that carried out by Deloitte, and of the finally transparent process used today to select the Chairman. Again, he recalled the battle, particularly in the last 6 months, about the risk of potential conflicts of interest, which was strongly supported by the independent Directors, which led to a clarification and improvement in corporate governance, and was also supported by Mr. Patuano. Although in the presence of persistent critical elements - including the affair of Mr. Bernabè's golden parachute and the lack of transparency in the issue of the mandatory convertible bonds - the Director felt that he was leaving Telecom Italia better than it was seven years ago, and with a more promising business future; he therefore emphasised the importance of the agreement with Sky TV to broadcast digital TV, an indispensable precondition also for the development of digital broadband in Italy, since a sufficient offer needs to be created for this project to produce positive results.

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No-one else having asked to speak, the **Chairman** moved on to provide some first answers to the questions posed by the members, making clear that the Chief Executive Officer was the person who would provide more detail.
Referring, firstly to the comments made by Mr. Cardillo, he commented that the subsequent supplementation to the agenda had been preannounced in the call notice published on March 1: the decision to bring forward the publication of the first call was due to the type of topics on the agenda, which included the renewal of the Board of Directors.

While as for the regulations for the appointment of the directors, which provides for four fifths of the available places to be assigned to the first slate, the Chairman reminded the meeting that this was a still-current provision of the by-laws. This arrangement, moreover, reflected a very specific reasoning, which recognised that the majority shareholder would be able to run the business with stability, deciding its strategies and policies while at the same time ensuring that the minority component was able to carry out the fundamental guarantee role that is the control function. For his part, although he had accrued experience in several different economic sectors, Mr. Minucci emphasised, however, that what was ending today was a Board of Directors characterised by a very rich variety of skills and professional backgrounds, and as such was particularly effect in supervising the various roles involved in the business activity of Telecom Italia. The analysis carried out by SpencerStuart had found there was some need, also felt by the Board itself, to strengthen the component of board members closer to the specific type of business: but this does not alter the fact that the various members of the outgoing board had and have a great and in-depth knowledge of several major areas, from financial issues to organisational aspects, law to economics, and so on: he had rarely had the opportunity to be a part of a Board with such skills. Naturally, the final judgement was a matter for the market and the shareholders, but for his part he had been able to learn from this experience.

There was still a lot to do, the Chairman went on, and it is always necessary to act from the perspective of continuous improvement, but the sense of participation and passion that is evident in Telecom must induce optimism, even in the context of a market, like telecommunications, that is particularly complex. A market that must resolve certain basic issues that were currently unresolved, first and foremost the relationship between national telecommunications companies and the so-called over the top operators, a relationship that is also affected by the structural weakness of a Europe that has difficulty relating in a congruent way with the North American system. Then there is the issue of the relations with the regulator, which is improving but still difficult: the choice that must be made, at
the level of basic principles, is whether or not the regulatory regime should pursue the fundamental interests of the country as a whole or should always and only seek to maximise opportunities for savings for the consumer. Today, in reality, there is a need to stimulate structural investments, and to do so, the conditions need to be created for these investments to bring returns that are as certain as possible: if these structural issues are not resolved, it will not be easy to reverse the trend of falling revenues.

The Company, Mr. Minucci went on, has made a strategic change. But in the pathway that lies ahead it needs to rid itself of some of the legacies that weigh on it: some of the former-monopoly company ways of looking at things need to be overcome once and for all, because the competitive framework of today's market imposes this. Indeed, everything is part of a broader picture which is not just the economic crisis but also a crisis in the mechanisms of representation. And, the Chairman emphasised, there is also a lack of Italian connective tissue, representing its basic values, an element that is actually of central importance, because without a spirit of sharing and cohesion it is not easy to overcome the many difficulties that exist.

The Chairman also thanked the shareholders' meeting, commenting how much better today's calm atmosphere was than the atmosphere at the last meeting.

Finally, Mr. Minucci talked about the comments made by Mr. Mazzitelli and Mr. Comito who, he emphasised, had set out their situation with great calm and dignity. The Chairman expressed the hope that the new Board could dedicate the greatest attention to the issues they had raised, but at the same time assured the meeting that the outgoing Board had not been indifferent to the news that the two former employees of the Group had been completely acquitted. On the contrary, this had been a major clarification for the Company, which had been able to frame the issue in a more concrete way, more correct than the information and representations it had had before then. The approval with which the news had been greeted by the Board was also connected to the favourable consequences that the judgement was likely to have on the controversy pursuant to Law 231, and on the tax dispute regarding the 2005, 2006 and 2007 tax years, about which the Board was not overly worried. On this point, he recalled that he had felt very involved in these issues, and expressed his regret at the decision to close the VAT fine related component so rapidly. However, this decision had been taken at a time when there was great pressure: the pressures that occasionally emanate from prosecutor's offices, financial structures and the
Revenues Agency are not easy to manage, and so the motivations behind the transaction are understandable. But it was precisely that choice that then had some effect on the subsequent behaviour of the Company, focused on maintaining a situation of impartiality, of disinterested third party, when in reality it could not be disinterested. The chairman reiterated that he hoped that the situations of Mr. Mazzitelli and Mr. Comito could not be reviewed to the satisfaction of those involved.

Chief Executive Officer Mr. Marco Patuano continued with the replies, and formulated the following considerations.

Firstly, addressing Mr. Davalli, Mr. Patuano stated that although it is not possible to provide a precise indication of the target price, it is possible to recall that comparable companies have a share price that can be measured in terms of multiples, and that if these multiples are applied to Telecom Italia then the hypothetical price arrived at is not far from the price recommended by the financial analysts, at around 1.10/1.20 euros. This target could be achieved, again according to the assessments made by the financial analysts, when the revenues and margins of the domestic market have been stabilised, and this would also enable the company to restore its rating. The target of aligning the share price to that of its principal peers must, however, be considered a minimum one: if the company is unable to meet this, it would mean that the management had not done its job properly, considering that stabilisation of the dynamic of the domestic market is one of the basic targets of the new plan.

Moving on to the questions formulated by Mr. Mauro, which also involve issues that are common to other speeches made, Mr. Patuano recalled, with regard to the offices in via Negri in Milan, that a figure of 9 thousand euros per square metre may make sense for a single apartment, but it does not for an operation involving 11,000 square metres of office space, some of which occupied by a telephone exchange. The sale was carried out using competitive bidding, and both the net lease formula and the other conditions of the agreement achieved are in line with the conditions on the current market. Continuing the answers, he stated that:

- the 2013 results based bonus, finalised after the approval of the 2013 financial statements will be paid with the remuneration due at the end of June 2014;
- the spending review processes are in constant development, and to date the only company cars assigned to named individuals are those of the Chief Executive Officer and the Chairman;
- again with reference to the via Negri property transaction, considering the entire duration of the contract (21 years), the cost to Telecom Italia of a loan of the same duration, as an alternative to sale of the property, would be around 6%, and hence substantially in line with the internal rate of return implied in the sale.
While with reference to the corporate cost containment plan, the Chief Executive Officer stated that there are some macro-areas of intervention, such as commercial processes, multi-channelling and brand rationalisation. Among the various measures already put in place, there is a radical reduction in the handset subsidy, a considerable recovery of productivity in customer care, thanks to agreements concluded with the trade unions, and an increase in the use of the self-caring facility. In the area of business projects, energy saving projects have been started that saved 23,000 tonnes of oil equivalent last year. And the insourcing of activities is increasing, while with reference to the G&A processes the company has adopted a zero-based approach to all expenses not correlated with support for commercial and industrial development. Finally, in the HR area, there has been an increase in productivity.
The Chief Executive Officer then moved on to discuss the sale of Telecom Argentina, another of the topics mentioned by Mauro and several other shareholders. On this point, he stated that the sale was completed before the devaluation of the pesos - 35% in a single night, and a further 15% the following day. Currently the country is experiencing growth at approximately 2.3% in nominal terms, with inflation of 34%: there may well be a possibility that the system returns to health, but the macroeconomic indicators today are indicating the opposite. Moreover, if we had wanted to stay in Argentina, we would have had to consider strengthened investment of approximately 1 billion, considering that our stake is 24%: this investment would be difficult to accept today. As for the progress of the sale transaction, Mr. Patuano specified that so far 109 million dollars had been received, achieving a capital gain over the acquisition price. For the remainder, we are waiting for the authorisation of the competent Argentine competition authorities: however, the contract sets the month of August as the deadline for completion.
Continuing the reply to Mr. Mauro, he stated that the spaces in telephone exchanges are used by the OLOs through co-location contracts, as set out in the regulation that have governed this issue for some time. On the process to sell the towers (another topic raised by several shareholders), it must be clarified that it is not true that processes of this kind are considered only by companies that are in difficult situations. On the contrary, tower sales processes have been completed by AT&T and Vodafone, and in Germany, in Spain and so on. Actually this is an operation to reallocate invested capital, the purpose of which is not so much to reduce Group debt as to finance new investments. In particular, the planned sale of the towers in Brazil will support our participation in the competition to purchase frequencies, while the sale planned in Italy will serve for investments in LTE and fibre.

He could not comment on any hypothetical figure for TIM Brasil, stated Mr. Patuano, because the company did not wish to seek any offers: Brazil, he emphasised, is an integral part of the recently approved business plan. As for the policy of creating jobs for 2,500 young people, he commented that this was certainly not to enable the company to "throw" older workers "on the scrap heap", but to give sense to the experience, facilitating transfer towards younger people. On possible partnerships with Poste Italiane, the meeting should note that several different activities are underway: for example, Telecom Italia supplies the network that links the processing centre with the 13 thousand post offices. Poste Italiane's recent agreement for a virtual mobile operator was not concluded with Telecom Italia because Telecom Italia did not grant 4G roaming. This was a precise strategic choice, because the company did not want to lose the competitive positioning it had achieved after the major investment in the 4G network. However, a very promising project, the digital identity project, is going ahead with Poste.

The Chief Executive Officer then moved on to the questions raised by Mr. Lombardi, Chairman of Asati, and started by commenting on the share price. Certainly the share price has fallen in absolute terms, but the picture changes if one considers competitors such as KPN or Portugal Telecom, or the general FTSE MTB index, which has in any event fallen 50%. But in the last six months the share price has reacted from the historic minimums, although the current value still cannot be considered coherent with the values of the Group. In the two year period 2012/2013, he continued, approximately 1,100 contracts for rented properties with total rent of 55 million euros per year had been renegotiated, achieving an
annual saving of 6.8 million euros, equal to 12.3%. As for the dividend distribution policy, he emphasised that for a healthy business not remunerating the shareholders must constitute something of an exceptional nature. As for the fines imposed, he reminded the meeting that the Company had "settled" in two sets of negotiations (the Security affair in 2010 and the "SIM extensions" affair in 2012), which definitely excluded its being charged with any offence in criminal proceedings pursuant to Law 231/2001. The corresponding administrative fines were of the order of approximately 1 million euros. After having reiterated that the "PIP" bonus would be paid in June, he reminded the meeting that the employee share ownership plan would become operational by September 2014, although there was an attempt to bring this forward to May or June: financing would also be made available to the employees for the purchase of shares.

The process of selling Telecom Argentina, he stated, is proceeding, and there is still time before the terms specified for its conclusion have expired. As for LTE and FTTC customers, he provided the following data, referred to 31 December 2013: Consumer and Business LTE customers totalled 421.3 thousand, with over 590 thousand consumer customers at 42.2 Mbit on the network; Consumer and Business Fibre customers totalled 22.5 thousand, including 7 thousand business customers on traditional fibre. In the last few years (2010/2013), he continued, in response to the questions raised by Asati, the company had sold 72 properties (buildings and land) it owned and no longer needed for its production activities, 13 of which were telephone exchanges. The consequent revenues totalled approximately 19 million euros. In the same period, the company disposed of 178 rented properties, 100 of which previously used as telephone exchanges saving approximately 25 million in total in rent.

The target value of the debt/EBITDA ratio at the end of 2016 was approximately 2.1. The way in which the company intends to achieve this target is primarily in the conversion of the convertible bond that has already been issued. After that, the company focussed on defending its operating free cash flow, and we are convinced that this defence can be developed in terms better than the analysts' expectations. Further, Mr. Patuano confirmed that he was in favour of the organisation of quarterly meetings after the announcement of the results, and this could be part of investor relations activities.

Chairman of the Board of Statutory Auditors Mr. Bignami completed the answers to Asati's Mr. Lombardi, making clear that at the time of the Greenfield project the external
auditors of the Telecom Italia Group was the firm Reconta Ernst & Young. The firm
appointed to undertake Forensic activities for the Greenfield process was Deloitte
Financial Advisory, while the company that undertook (for Tiglio 2) and continues to
undertake the various external audit activities for Tiglio 1 is Deloitte & Touche. In any
event, he reminded the meeting that Tiglio 1 and Tiglio 2 were companies in which
Telecom Italia had a minority stake.

The Chief Executive Officer then resumed the floor, and - with reference to the questions
raised by Mr. Savina - confirmed that offers for employees are formulated through the
intranet Shop channel. Referring to another question, he made clear that the Company
already does a lot to facilitate the process of collecting proxies for Asati; if it could do
more, it would attempt to do so. Whereas with regard to the possibility of involving Cassa
Depositi e Prestiti in the investments for the development of network infrastructure, he
commented that there are already collaborations for the supply of guarantees for loans
precisely for infrastructure development. There had been discussions about broader forms
of collaboration, but as yet they have not brought any particular results, also because they
always start with the incorrect conviction that the network should be separated: now that
this prospect has been shelved, new opportunities might present themselves.

Mr Patuano then spoke about the solidarity contract (issue raised by Mr. Frasca), to remind
the meeting that this tool had become necessary to have the time to retrain and reallocate
several thousand workers, some of whom had then moved from caring activities to open
access activities; other activities had been insourced, and a series of staff had passed
from being "unfit" to being productive. So although solidarity contracts are certainly not
something to be looked for, in the case in point they have provided the opportunity of
having a major window of time in which to work. Many people have retrained, he insisted
on this point, and many more will be retrained: on this Minister Poletti is collaborating,
and has demonstrated great pragmatism.

As for the choice to not pay dividends on the ordinary shares (Mr. Testini and others), Mr.
Patuano reminded the meeting that to ask the market for an increase of 1.3 billion euros in
capital, as had been done, and to then use hundreds of millions to pay a dividend would not
have been a coherent choice. On the other hand, deciding to not pay a dividend on the
savings shares would have been meaningless, since it would have been paid out next year
in any event, and Telecom Italia's problem certainly is not a liquidity problem.
The Chief Executive Officer then discussed the comments made by Mr. Martinez, and pointed out that formulating statements of principle about the participation of middle managers in this committee or that committee would be fairly meaningless. Instead, the central point is that the various committees must have qualified people serving on them, irrespective of whether they are senior executives, middle managers or clerical staff. The most interesting people on the innovation committee, for example, are often not the senior executives or the middle managers, but the young people who attend and present their ideas: in principle, there is nothing against a broad participation in the company's internal committee, including by middle managers.

The estimates of Cisco (he observed regarding the questions and comments made by Mr. Decina) appeared to often meander off the point. However, it remained the case, stated Mr. Patuano, that very probably between now and 2020 there would be a major development of the "internet of things". This is a market that is worth around 1 billion euros, today, 100 million in terms of connectivity and 900 million in terms of platforms. For as long as Telecom Italia is able to compete only on the connectivity side, it can obtain just a part of this 100 million, and in particular, a part that today is worth around 45 million euros. So we also need to work on the platforms, and for this reason the company has created Telecom Italia Digital Solutions, a company that is wholly controlled but independent - and hence more flexible. Innovative services, he continued, in relation to Mr. Decina's remarks, account for around 22-23% of revenues on the domestic market. The change in the organisation of Telecom Italia in recent months, he continued, was intended to centralise skills and innovation processes more. He confirmed that it was correct that regulatory interventions had accounted for around 40% of the loss of turnover that totalled 10 billion euros. However, in some cases the contraction in revenues did not cause a loss of cash flow (this is the case for the mobile termination rate), while in other cases this is what happened (roaming).

Telefonica, he went on, in response to Mr. Savi, was not present at the shareholders' meeting. The remuneration of the managers, he added, increased nominally, albeit by a small amount, but their percentage of the total salary bill of the company had decreased. This remuneration is in any event linked to the results, and in particular to targets assigned individually to the single executive or middle manager. On this point, the decision made was to avoid, as a rule, having recourse to qualitative opinions, namely opinions on merit...
expressed by a superior. As for the characteristics of the convertible bond (another question raised by Mr. Savi), Mr. Patuano pointed out that this is a product typically destined for specialised operators. He added that when convertible loans were placed on the retail market there were many reasons for care, also advanced by the Supervisory Authorities. On the other hand, today there was a certain enthusiasm, because the listing has continued to improve, but the opposite could easily have happened. What it is important to emphasise is that after the placement there was still a flourishing secondary market, and therefore it was possible to take action, individually, to make a purchase.

Telecom Italia (question from Mr. Borlenghi) invests in both the mobile and the fixed network, and at this time no operations to strengthen the company on the reference markets are ruled out a priori, including through initiatives of an extraordinary nature. To date, however, no acquisitions had been contemplated.

In response to Mr. Cardillo, the Chief Executive Officer made it clear that as regards long term incentives, debt reduction was not a target to earn the MBO. However, some managers (including Mr. Peluso and the CEO himself) had been assigned debt containment as one of the drivers to achieve the MBO, in the short term, since these were aspects that fell within their respective competencies. For the Chief Executive Officer himself, achievement of the targets connected to the net financial position of the Group was linked to 10% of the variable remuneration, which could be quantified at around 100 thousand euros.

In relation to the questions raised about derivatives, Mr. Bignami, Chairman of the Board of Statutory Auditors, took the floor, to clarify that the Board of Statutory Auditors periodically checked that financial transactions, including those carried out using financial instruments and derivatives, were in order, both in meetings with the finance function and by acquiring information from the external auditors: it had encountered no critical matters.

Mr. Cardillo, from the floor, again requested information on the criteria used to value the derivatives, especially in light of the known issues that had occurred in some banks, in which the choices made with regard to derivative valuations had been used to hide debt and losses.
Mr. Patuano emphasised that Telecom Italia had only hedging derivatives, and thus had no options or futures or similar products. The derivatives the company held were valued merely by applying the Black and Scholes formula.

Mr. Cardillo again from the floor, referred to the presence in the Group of an Irish company with equity of 1.3 billion euros.

The Chief Executive Officer in turn insisted on clarifying that what is done, for example, is hedging cover on dollar-euro positions. Telecom Italia is present in Ireland with Telecom Italia LAN Med, which however does not undertake hedging transactions (but) acts as an intermediary in the acquisition and sale of "tubes", i.e., transmission capacity.

When Mr. Cardillo insisted further, from the floor, Mr. Patuano assured (the meeting) that more detail would in any event be supplied shortly directly by the CFO, Mr. Peluso.

Moving on to the questions raised by Mr. Bianchi, he stated that the abolition of the par value of the shares has no effect on the amount of share capital which totals 10,693,740,302.30 euros. The reason why (the company) has chosen to eliminate the par value was that this simplifies operations on the share capital without having negative implications for shareholders or bondholders. As for the renegotiations of debt maturity dates, the Chief Executive Officer stated that Telecom Italia can count on one of the best finance departments in Europe, that answers to the CFO, Mr. Peluso, as well as part of the legal office actually specialised in finance agreements. The debt in bonds totalled 26 billion euros at the end of 2013, corresponding to 70% of gross financial debt. The fixed rate component of gross debt is in turn 70% of the gross debt figure, and on this point Mr. Patuano explained that when it is stated that Telecom Italia has financial debt of 26.8 billion this means net financial debt, that is, gross financial debt minus available cash. He added that debt maturing during 2014 totalled approximately 4.7 billion euros, and had already been refinanced in its entirety. As for the total potential increase in capital to service the various plans in force, he explained that the potential increase in capital based on the Long Term Incentive Plan, which will mature this year, is limited to just under 24 million. The largest of the pending increases in capital is naturally that for the convertible bond, which will involve the issue of between a minimum of 1,560,436,922 and a maximum of 1,911,483,605 ordinary shares. At current rates the final figure is likely to be around the minimum. The costs of the operations to increase capital, he continued, regarding the questions raised by Mr. Bianchi, could refer to the remuneration of any
advisors involved, the remuneration of any intermediaries engaged to place the shares with investors, to the operating costs linked to the creation of the new shares and their launch in the electronic systems. As for the allocation of stock options, however, he stated that the Plan provides for them to be attributed as registered stocks to a list of managers who are considered to influence the progress of the business: so it is not a plan reserved to top managers only, but to a set of profiles that the Board considers relevant. As to the assertion that the information on the website regarding the structure of the debt is not very clear, the Chief Executive Officer pointed out that there are many presentations in the Investor Relations section, and that a detailed illustration of the debt status is provided every quarter. Returning to the allocation of shares to employees, he clarified that under the 2010 share ownership plan the number of shares subscribed by/allocated to senior executives totalled 2.6 million, for a cost of approximately 820 thousand euros: this cost had been posted in the 2010 and 2011 financial statements. On the ratio of fixed debt to variable debt, Mr. Patuano agreed that it would be advisable nowadays to overweight the fixed component, considering the particularly favourable interest rates: for this reason, a policy that prescribes a fixed rate component of approximately 70% had been decided with Mr. Peluso and the risks committee. Furthermore, what the company was trying to do at this time was primarily to buy back the maturities of upcoming debt. As for relations with Agcom (again with regard to a question raised by shareholder Bianchi), the Chief Executive Officer stated that he agreed with the views put forward in his speech; however, there are legal regulations which in turn incorporate community provisions, and naturally the company must abide by these. Finally, regarding the comments on the productivity rate of the personnel (on which point Mr. Patuano clarified that recourse to Albanian employees is limited to less than one hundred), he emphasised that the real figure to consider was EBITDA margin: Telecom Italia had achieved a margin of 49.1%, compared with Wind at 39%, Vodafone at 36.9%, and Fastweb at 30.8%. So there is absolutely no need to reduce the workforce, since it is preferable to work to improve existing skills.

Moving on to the issues raised by Mr. Mancuso, Mr. Bignami firstly announced that during 2013 the Board of Statutory Auditors had received a complaint pursuant to Art.2408 of the Italian Civil Code in the context of the shareholders' meeting held on 20 December: it is detailed in point 5.1 of the Board's Report.
Continuing with the responses to Mancuso, the Chief Executive Officer firstly referred the meeting to note 24 in the Annual Financial Report 2013 regarding the situation of the dispute. He went on to say that the statement that the labour force of the Group is growing did not correspond to the truth: the details are on page 10 of the financial statements, and make clear that it reduced constantly from 2009 to 2013. In Brazil and Argentina there is a different dynamic, but in that case they are growing markets. Further, he stated that: in the three year period 2011-2013 there were 12 appointments of senior managers in Group companies, while approximately 350 left the company; the average cost of the debt of the Group is 5.5%; the current market value calculated with the market-to-market value of the derivatives portfolio contributes approximately 1.1 billion to the debt at 31 December 2013, and warned that when such instruments are approaching maturity the value naturally reduces.

As for the comments made by Mr. Bava, Mr. Patuano referred to the comments already made regarding bringing activities in house, observing that naturally such processes must be conducted according to coherent economic logic, to actually achieve added value. As for Olivetti, he stated that up to a year ago the business was overly focussed on its inkjet business, but this business is experiencing a phase of great concentration at international level, and hence appears to no longer be promising. So this business ceased with the closure of a site in Arnad. The employees there were in part reabsorbed by Telecom Italia and in part accepted incentivised redundancy. Now there is a new plan that envisages a return to operating parity within a couple of years. Finally, he stated that there is no intention to move the registered offices from Milan to Turin.

At this point, Chief Finance Officer Mr. Peluso took the floor, and, returning to the issues raised by Mr. Cardillo, stated that there is a 100% controlled company based in Ireland which was created in the past and is conducting neither financial transactions nor transactions in derivatives. As is indicated in its financial statements, it is a company which, in its liabilities, has capital that has been resolved and not paid in, while its assets consist of cash and credits with its shareholder. So, Mr. Patuano added and underlined that this was a company that existed but was not operating, that did not have a portfolio of derivatives and had resolved share capital of around 1 billion only 10% of which had been paid in, and more precisely, he concluded, equity of 1.360 billion and cash of 60 thousand euros.
Moving on to the questions raised by Mr. Ferrante, the **Chief Executive Officer** commented that as a rule the exchanges are maintained in order. The investments are aimed at decommissioning obsolete equipment, maintaining the efficiency of technological equipment, and targeted interventions in exchanges with higher than average failure rates. One of the efforts currently underway was indeed to compact the exchanges, freeing space that could have significant value: this is the case, for example, of an entire building in corso Monforte in Milan, where there is the possibility of freeing 4 floors of 600 square metres each.

Mr. Patuano then addressed Mr. Rencurosi, and stated that, while his dissatisfaction as shareholder is entirely legitimate and understandable, some of the comments he made during his speech were not correct. On this point, he referred to the statements he had already made regarding the performance of the price of Telecom Italia and its competitors, and stated that, given the downgrading by the rating agencies, the choice decided on was not to contest or continue endlessly to defend the Company, but to work to improve things. There was a moment in which the general impression was that a 6 billion increase in capital was needed to fight the rating agencies' decision: to do this would have been a mistake. In any event, certainly no-one is satisfied with the classification of partial junk bonds, and we will do everything we can to improve this position. Regarding the synergies, however, he stated that in reality the figure of 2-3 billion a year had never been mentioned. On this point, though, major work had been done, although the problematic phase that in recent times had distinguished the relations between Telecom Italia and Telefonica had led to the suspension of several joint projects; and this, he added, was a mistake, since the sphere of corporate relations and the more strictly business sphere should be kept separate. In any event, the Group has a number of collaboration relations with competitor companies: there are research projects with Deutsche Telekom, and collaborations in cloud computing with France Telecom. Continuing, and recalling that the experience of the videotelephone was part of a generation that had now passed, regarding pay policies he stated that the remuneration of the Chief Executive Officer is sixty seventh in the list of salaries of Italian listed company CEOs, although Telecom Italia is the fourth-largest company in the list. Again on the question of compensation, he then recalled that the bonus paid to Mr. Bernabè had been extensively discussed by the Board of Directors, some being in favour and others against, such as directors Calvosa and Zingales.
Board as a whole decided that the amount subsequently paid was fair. He added that this was a sum that was in line with the Mr. Bernabè's contract, and so there was no overpayment; the board had to determine a sum and did so, by majority vote.

As for the comments made from the floor by Mr. Rencurosi, the Chairman stated that since the entry of Mr. Bernabè the remuneration policy had been much tighter than that seen previously in the telecommunications market, and Mr. Patuano in turn stated that as for himself, the severance pay he will be entitled to if he leaves the Company's employment will be the ordinary package set out in senior management contracts.

The Chief Executive Officer, continuing his answers to the issues raised by Mr. Rencurosi, stated that the contribution to debt reduction made by the dividends was relatively modest, approximately 300 million. However, it was more important, regarding the choice to not distribute dividends, to send a signal of coherence and not distribute resources immediately after completing a recapitalisation operation such as that completed a few months earlier. As for the hypothesis of a 170 million euro increase in capital, he commented that the shareholder probably intended to refer to the increase in capital for the stock options, which would be dealt with at the extraordinary shareholders' meeting.

Finally, he referred to the comments made about the solidarity contracts and the payment of bonuses to managers, and on this point emphasised that having recourse to solidarity contracts, as previously stated, had served to gain time to retrain some staff. The Group currently dedicated much more of its resources to training activities, and the management remuneration system was not linked to these issues.

The Chief Executive Officer then moved on to the speech made by Mr. Mazzitelli. He reminded the meeting that the matters raised in the speech related to a historical period in which the company had even had to face the risk of being appointed a special commissioner. This does not justify the comments made by the Shareholder on the attitude of the company to himself, but it should be recalled that at certain times decisions were taken, such as the decision to settle the VAT notice, in a context of significant risk for the Company. It is perhaps true, he went on, that the accusatory approach could be considered "light", but notwithstanding this the severe attitude adopted towards Mr. Mazzitelli and others reflected an approach to be adopted also against the Company. He expressed the hope that when all the documents have been filed, justice could be rendered to the shareholder's reputation.
Moving on to Mr. De Septis, the Chief Executive Officer stated that the number of senior managers had already been reduced by approximately 350 people, and he reminded the meeting that many workers from CSA continued to have a job in the Group, instead of being made redundant. As for the Parco de' Medici situation, however, he stated that the results of the in-depth analyses carried out had been made known to the workers' safety representatives, as prescribed in the applicable procedures.

As for the issues raised by Mr. Volpe, after stated that no gift had been received from Ducati, Mr. Patuano pointed out that the network of 4G shops was one of the most important deals made recently. This involved 200 shops, which represent a strategic component: the post-acquisition results, both in commercial terms and in terms of profitability, had been very positive. On this point, he also stated that he did not know Mr. Gottero. Further, he stated that consultancy costs in 2013 totalled approximately 12 million euros, and referred to around one hundred projects. As for the personal issues with Tim technical assistance, he commented that hundreds of thousands of migrations are managed every year, and generally everything goes ahead smoothly. In any event, the case in question would be looked into.

To Mr. Costa, the Chief Executive Officer stated that there was no specific procedure for the credit lines supplied by Intesa Sanpaolo: these had been negotiated by the Finance department, in accordance with the regulations of the procedure on transactions with related parties. He added that there was an agreement offered to Telecom Italia employees for mortgages with Intesa Sanpaolo: any initiative of this kind promoted by credit institutions is naturally passed on willingly to all personnel.

He then spoke about the comments made by Mr. Crusco, and reiterated that the transaction involving the property in via Negri was an advantageous one: it had involved a competitive bidding procedure, he recalled. As for the possibility of concentrating Brazil towers and Italian digital multiplexes, he stated that there may be some appeal from a financial perspective, but operationally it would be very difficult, and very probably would not be received well by the market.

The employees who use the regime pursuant to Law 104 - the Chief Executive Officer continued, in response to Mr. Barzaghi - numbered around 4,000. The Board, he went on, had had an extensive discussion of the benefits of an employee share ownership plan. The aim is not so much to award extra income to employees as to offer additional motivation
for the good progress of the business. He then stated that the carrying amount of the Group properties was 380 million euros, and estimates currently being completed should indicate their market value as just under three times this figure: as for the effective wealth that the company could obtain from it, much would depend on their authorised use. After having confirmed that initiatives are being developed to celebrate the twentieth anniversary of the incorporation of Telecom Italia, he pointed out that the business plan did not include the effects of any sale of towers in Italy or Brazil, although these were operations that the company intended to complete.

As for the number of offices held by directors, the Chairman resumed the floor and stated that the Telecom Italia Corporate Governance Principles specify that directors cannot hold administration and control roles in more than 5 companies other than those subject to the direction and coordination of Telecom Italia.

Having resumed the floor, Mr. Patuano stated that the shops managed directly by Telecom Italia consisted of 15 flagship stores, 20 company shops and 200 4GR shops. Their productivity profiles differed: the shops located in commercial centres were very productive, while the flagship stores tended to break even. Furthermore, in the future it would be necessary to review the commercial network, because the Italian market was saturated, and it made no sense to continue to manage thousands of shops all over the country. He also added he following information: the Company intends to increase the presence and visibility of the Fondazione Telecom Italia, there is no reason for those who work in Open Access to be worried, considering the investments underway, there are currently no particular incentive programmes for long-standing shareholders, since the best possible gratification would be to grow the share price.

With reference to the questions asked by Mr. Nardi, Mr. Patuano stated that the financial structure of Telecom Italia must be considered to be solid, the Telecom Argentina operation is binding, the operations to sell the towers in Italia and in Brazil are still in the study phase (and hence are not binding), the Company has actually carried out a recapitalisation operation (mandatory convertible bonds), in the ways and within the terms deemed opportune. Again, regarding the questions on possible agreements with GVT in Brazil, he stated that GVT is an excellent fixed telephony company, and Telecom Italia is a fixed and mobile telephony company: there are compatibilities between the two
companies, but to date no type of negotiations had been started. If this should happen, the information would be disseminated.

To Mr. Albano, who cited the exit from the Board of Directors of the Telefonica representatives, the Chief Executive Officer stated that Alierta and Linares, as outgoing directors, did not participate in the debate on the governance review. Moreover, during the whole time they were directors, they had made positive contributions to the work of the Board, never behaving in ways that could be criticised. The Board, he added, again in response to the same shareholder, to date had not considered the possibility of converting the savings shares into ordinary shares.

Finally, Mr. Patuano answered Mr. Marino, stating that the Investor Relations function, headed by Mr. Bolis, was the channel assigned to provide the answers to the questions raised by the shareholders. He went on to state that it would only be possible to provide information on the spread of optic fibre when such information would also be available to the OLOs, which means one month before a particular cabinet becomes available for commercialisation. The company had appealed the sanctioning measure by Agcom that the shareholder referred to: the hearing on the appeal was held before the administrative court in March 2014, and the judge reserved his decision. If the company should lose, it will appeal to the Council of State. As for TI Media, today it contains only the TI Media Broadcasting business: the concentration operation with Rete A is in fact proceeding to strengthen and enhance this subsidiary, and the new Board of Directors would certainly have to consider what to do in the future. The arbitration proceedings underway, he stated, finally, are set out in note 24 of the Financial Report.

In response to the last question raised by Mr. Marino, the Chairman, regarding the incentive for the Chief Executive Officer, stated that since the first grid scheduled for 2013 had not been passed, then no MBO had been awarded. Under its own discretionary powers, the Board, considering the greater workload and greater responsibility of Mr Patuano since the previous October, had decided to award him a one-off bonus.

The answers to the questions raised by the shareholders who had spoken having ended, the Chairman invited the shareholders to proceed with any responses.
Mr. Davalli stated that the conditions at which the Piazza Affari property had been sold were correct, considering that the values of commercial property are not aligned with those of residential property. He agreed with the assessments made by the Chairman regarding the attitude of the regulator, which seeks only to concede small discounts to the consumers, damaging the Company, and with it the small shareholders, especially with regard to the development of broadband. He considered that effectively the Company had had a change of strategy, focussing on innovation and development. He expressed the hope that the internal market would stabilise, putting the management in the position of being able to do good, because in his opinion the prospects were good. He assured (the meeting that he would remain a shareholder of Telecom Italia, and maybe even seek opportunities to increase his shareholding. He ended by proposing that Prof. Calvosa be appointed Vice Chairman, sending a good signal to the market.

Mr. Lombardi, Chairman of Asati, stated that the VAT settlement issue was not well known, and led to expenditure of 418 million - resources drained from dividends and the solidarity contracts. The matter could not end there, and after stating that now it could no longer be asserted that Mr. Patuano’s "hands were tied", he reminded (the meeting) that fiscal issues were a matter for the Parent Company, and that the senior executives in the past (Ruggiero, Tronchetti Provera, Buora, Galateri and Bernabè) knew everything Mr. Bignami also had significant responsibility, because a sufficiently in-depth analysis had not been carried out on this point. He emphasised that nothing that had emerged had made known when the decision was made to settle for Puggiero and Buora. He announced that he would be filing complaints with the prosecutor’s office and with Consob.

Continuing, and addressing himself to Prof. Fitoussi, he criticised the golden parachute that had recently been paid, while complementing Mr. Patuano for his relatively small remuneration.

Mr. Lombardi then proceeded to read and illustrate the profiles of the candidates for directorships as stated in the slides annexed to these minutes, together with comments. In the comments, he formulated his appreciation for Findim’s initiative to seek for the Chairman to be appointed by the shareholders’ meeting, and expressed his approval of the renewed candidacy of Prof. Calvosa, whose activity he praised: part of what the two minority directors had achieved, he stated, was also thanks to the contribution of minorities like Fossati, as well as of Brazil’s Cade and of Consob. Again on the question of the
candidates, he emphasised that the Findim slate has the advantage of proposing professionals with skills in the sector, an element of particular importance because the Chief Executive Officer cannot need only directors who are expert in finance, lawyers and consultants. In the voting, he commented, there will be uncertainty until the end about the possibility that Mr. Gamberale, an engineer with skills that could be very precious for the Company, might become a member of the Board of Directors. On this point, he criticised the misrepresentations regarding this candidacy, also originating from third parties such as Davide Serra of the Algebris fund: he asked Mr. Patuano if the Algebris fund was in fact among the shareholders present today, and if it was, this would be a rather serious matter. He ended by inviting all the small shareholders to vote for the Findim slate.

Mr. Cardillo stated that everything he had observed had proved to be the case. He said he was above all struck by having discovered during the shareholders' meeting circumstances that were literally incredible, referring to the speech made by Mr. Mazzitelli and his colleague. He stated that an explanation of these matters should be given, and also criticised the fact that, under pressure, the Company accepted a settlement, spending 418 million. He asked if this choice would have been made if the money was not the Company's, but the directors, also having applied the appropriate proportions. On this point, he continued, by stating that the affair could lead one to suspect that the directors knew about what had subsequently been analysed by the prosecutor's office and the court. The people who had spoken today had eventually been acquitted, but others, including people from Fastweb, had been found guilty. 13 or 14 people. So he expressed his strongest criticism of the decision of the directors to pay 418 million euros, certainly not out of their own pockets, in the face of the pressures received, asking the Board to pursue the interests of all the shareholders. In response to Mr. Cardillo's insistence in criticising the Chairman's comment regarding the "pressures" received, the Chairman himself took the floor, clarifying that the pressures arose from the fact that in the face of a sanctioning action by the Revenues Agency, which might have implied the danger of being appointed a special commissioner, the company had considered the immense amount of damage this might have caused to the wealth of the company. The valuation made at that time by the Board was that there is no reason to run such a risk to the Company: it is simple to judge with hindsight, he added, but at the time, it did not have enough information to be able to examine the question calmly. There were no elements to indicate that the initiative would
come to nothing, but instead it was a particularly complex situation, with some aspects of great delicacy. In that position, Mr. Minucci emphasised, it seemed to the Board of Directors that it should take responsibility for removing this type of risk, albeit with the usual differences of opinion within the Board. The shareholders' attitude to this matter is not comprehensible, the Chairman concluded, since there certainly is no reason to hypothesise that Telecom Italia might have had any desire to favour anyone, especially not the Treasury.

Mr. Cardillo insisted in asking if the Chairman would have decided to accept the payment requested by the Revenues Agency if the money had been his own, exclaiming that the prospect was that of being appointed a special commissioner, and stated that he considered the Board of Statutory Auditors also had serious responsibilities in this matter, since it had made no mention of it in its own reports. He stated that the clarifications provided by the Chairman made the matter even more serious than he had imagined, as the problem was not "just" the 418 million, since the very future of the Company had been in doubt, as it risked being appointed a special commissioner, he reiterated: so it was a situation of exceptional gravity, about which the Board of Statutory Auditors had said nothing.

Continuing his reply, the shareholder complained about selling the company premises in the centre of the city for just 6,500 euros, and about the comment made by the Chairman about which a shareholder had just expressed an opposing opinion, Mr. Cardillo responded that the opinions of many people were in line with his own.

After being repeatedly asked to end his speech, the shareholder, announcing that he wanted to institute liability proceedings, returned to the Irish company about which he had requested clarification, to complain that there had been no explanation about why in 2010 the Company had decided to create, in a tax haven, a company that had to have capital of 1.3 billion euros, according to the response given: the issue remained unclear. Illustrating the reasons for the liability proceedings he intended to start, he emphasised that in the operation to increase the capital (the conditions of which he considered to have been fair, also in an opinion by the father of the minute-taking secretary), the shareholder Telco, and though it, Telefonica, had been favoured. In particular, he considered that the operation had excluded other shareholders, and allowed the shareholders just mentioned to subscribe to shares at 60 eurocents, when they have a value of 80 eurocents today. This is amazing, the shareholder commented, because the company, in his view, is not going well, is highly
indebted and does not distribute dividends: so he therefore considers it a mystery of finance and of those who operate in it (such as Mediobanca) that the share price is rising. He therefore proposes liability proceedings for having favoured shareholder Telco, and in particular shareholder Telefonica, in relation to the increase in capital, again mentioned the sale of the company site at too low a price and again complained about the previously stated omission by the Board of Statutory Auditors. As a further element of the legal action, he added the directors liability for not having acted against Mr. Bernabè and all the preceding directors, including Mr. Tronchetti Provera and Mr. Colaninno, responsible for the irrational debt that burdens the Company, forced to pay 1.7 billion in interest every year. On this point, the shareholder, referring to the statements made by the Chief Executive Officer, considered that it was not true that the Company had stabilised the long term debt at low interest rates: instead, the company had subscribed a debt of over 600 million euros at a rate of 7.75%, due in 2075. After Mr. Patuano had observed that this did not correspond to the truth, Mr. Cardillo ended his speech by asking that it be minuted that the Chief Executive Officer himself was unaware of the existence of the Irish company he had spoken about. He delivered the balance sheet of the Telecom Italia Financial Ireland Limited company, which is annexed to these minutes.

Mr. Corato commented that an increase in capital at this time could not be done, at least not until Generali and the other shareholders had sold some of their shares: in the future, however, such an increase could be made, thus creating more contendibility. As for the mandatory convertible bonds, he emphasised that he had himself attempted to acquire a portion on the secondary market, but had been informed that none was available. He therefore invited the meeting to postulate a new issue not earmarked for Telefonica, commenting that the rates could be even lower than 5.5%, following the conditions obtained recently by Finmeccanica or Fiat, for example. While as for the issue of representativeness, he considered that despite the efforts made by Mr. Lombardi, 15% of the capital was still in the hands of natural persons who were not represented by anybody: he asked if forms of meeting could be organised, including via internet, to enable shareholders who are not employees to coordinate together, perhaps to submit their own minority slate.

Continuing his responses, the shareholder stated, with regard to the appointments, that Mr. Recchi had been Chairman of ENI, a company that pays Russia 30% more for gas than
Germany does; the judgement on Mr. Cattaneo should in his view be equally negative: he runs Terna as a monopoly, and devises investment plans in Chile and Greece. He also recalled that in a recent interview Mr. Gamberale had expressed openness to the idea of Telefonica as a possible business partner, thus starting his possible term of office in Telecom Italia badly, in his view.

Mr. Savi commented that from the financial statements it appeared that the remuneration for the senior executives in 2013 had increased by 4 million euros while Mr. Patuano invited the meeting to look at how this figure was made up. On the mandatory convertible bonds, he recalled that directors Calvosa and Zingales had dissociated themselves from the representations made by the Company to Consob regarding the priority treatment granted to Telefonica. For his part, he considered that there had been an evident approach of favouring it, and pointed out how a general interest among the shareholders in this type of instrument had emerged in the shareholders' meeting: he therefore proposed that a further similar operation be initiated, to be reserved to the shareholders in general. He ended by thanking Mr. Calvosa, and the Chief Executive Officer, for the clear direction he is giving to the Company.

Mr. Rencurosi recalled that the previous year the missing dividends totalled 450 million, and the year before that, 900, since the amount distributed had been halved. Once upon a time, he recalled, the shares had had a yield of 6 or 7%, nowadays, nothing. As for the remuneration of the Chief Executive Officer, for his part, he was totally willing to support a further increase, provided that he could increase the share price: however, the sum of over 8 million euros paid to Mr. Bernabè at a time of crisis was an affront to the small shareholders, he stated. He concluded by emphasising how the amount paid to the former Chairman for the non-competition agreement should have been negotiated better.

Mr. Mancuso stated that the history of Telecom Italia was a story of many years of pillaging, dissipation and devastation. Mr. Colaninno started ramping up the debt, and Mr. Tronchetti Provera carried on: he considered that liability proceedings should be started against them. On this point, he stated that the time-limit for such proceedings could be overcome, because the Judiciary should apply article 419, assessing if there were crimes against public order such as, indeed, pillaging and devastation. On this point he cited the sales of properties in the centre of Milan and Rome completed at the time for 500 thousand euros per square metre in favour of Pirelli Real Estate. This, he emphasised, is an offence
punishable by a term of imprisonment of between eight and fifteen years, plus any aggravating factors.

Continuing, the shareholder mentioned some considerations contained in the recent book by Mr. Zingales, according to whom Italian managers should be placed last on the list. This makes the treatment applied for the exit of Mr. Bernabè even more of a matter for criticism, and pointed in particular to how the remuneration of 2.6 million for a non-competition agreement of a single year appeared to be excessive: he considered that this point should be clarified to ascertain if such an amount was due or not.

Mr. Marino stated that he was fully satisfied with the responses he had received. He also stated that he had clarified the incident with Mr. Bolis, and reminded the meeting that there was no reason for raising the issues regarding Mr. Bernabè at this shareholders' meeting, and stated that if asked he would vote against the liability proceedings that had been announced. He commented that, apart from anything else, the Chief Executive Officer had even called on the CFO to give an adequate response to the questions raised by shareholder Cardillo, who had, therefore, received all possible clarifications. He concluded by emphasising that the Company has a moral and material debt to Mr. Mazzitelli and Mr. Comito, and proposed that a way be found in the future to benefit from the experience they had accumulated.

Mr. Mazzitelli expressed his thanks for this speech, while making clear that on this point he had not made any kind of request. He expressed thanks for the words of Mr. Minucci, stating that naturally from the outside nothing can be known about the discussions inside the Board, since he could only know what had been officially communicated. He stated that the reason for his speech was above all a call for attention with regard to the attitude the company had adopted in the affair. He stated that he did not want to say anything further (although he reserved the right to do so on other occasions and in other contexts), not even about the payment of the VAT claim, but reiterated that for his part he had not wanted to present any request of any kind, apart from a request to know what the Company's approach would be, and this, it seemed, would remain the same.

Mr. Sbrocchi stated that the gravity of his speech about patent fraud and boycotts inside the company had not been properly understood. He suggested that Mr. Bernabè be recalled, since he was considered by the shareholder to be the only person who had left his job in response to boycotting by others. Indeed, he considered that generally speaking those who
work seriously in Telecom Italia end up being boycotted, and he expressed the hope that by clarifying these matters Telecom Italia would be able to start again, successfully, both in Italy and abroad.

Mr. Costa stated that he had received no information about Asilt, a topic that has implications that are fairly serious for pensioners, such as the abolition of access to private healthcare, abolition of local offices, abolition of reimbursement of health costs and so on. The management of Assilt was not going well, and he asked that adequate controls be made, perhaps by creating a suitable commission: he feared that one of the reasons for the failure was its trade union-like structures.

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No-one else having asked to speak, the Chairman declared the discussion closed and invited the Secretary to explain how to use the televoters, and how to vote, also using slides. The Secretary complied.

The Chairman then in relation to the first item on the agenda:
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 7,518,330,546 shares with voting rights were present, equivalent to 56.04% of the total number of ordinary shares, at 8.40 pm, put to the vote, using the televoter, the resolution proposed by the Board of Directors and transcribed below:

The Shareholders’ Meeting of Telecom Italia S.p.A.,

- having examined the annual financial report of Telecom Italia S.p.A.;
- having taken note of the reports by the Board of Statutory Auditors and the independent auditor PricewaterhouseCoopers S.p.A.;

resolves

1. to approve the financial statements of Telecom Italia S.p.A.;

2. to cover the loss for the year of Telecom Italia S.p.A. (equal to 1,028,284,777.05 euros)
   a) for 499,374,035.06 euros by using the following Reserves:
- Revaluation reserve pursuant to law No. 413 of 30 December 1991, for 1,128,826.78 euros
- Merger surplus profit reserve for 77,598,979.36 euros
- Reserve for remeasurements of employee defined benefit plans for 72,348,574.78 euros
- Other profit reserves for 348,297,654.14 euros

b) for 528,910,741.99 euros by withdrawing Retained earnings

3. to allocate to the reserve designated “Plans pursuant to Art. 2349 of the Italian Civil Code” the sum of 9,900,000.00 euros, taken from Other profit reserves, to service the capital increase to be deliberated on, by allocation of profits, to be achieved under the Employee Share Ownership Plan approved by the Shareholders’ Meeting of 17 April 2013.

The resolution was approved by a majority of the shareholders.

For: 7,371,558,692 shares.
Against: 109,029,525 shares.
Abstained 37,742,329 shares
All as detailed in the annexes.

The Chairman announced the result.

The Chairman then:
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 7,512,237,030 shares with voting rights were present, equivalent to 55.99% of the total number of ordinary shares, at 8.45 pm, put to the vote, using the televoter, the resolution regarding the Liability Proceedings proposed by Mr. Cardillo, which the Secretary read out and also transcribed here:

The Shareholders’ Meeting of Telecom Italia S.p.A.,
resolves

to institute liability proceedings against all the members of the Board of Directors, including the independent directors, for the following facts:

(i) for having favoured Shareholder Telco and Telefónica regarding the recapitalisation operation approved during the 2013 financial year, an operation that involved the exclusion of the Shareholders' rights of pre-emption and the offer of the shares at the price of 60 eurocents;

(ii) for having approved the "sale at a discount" of the Milan offices in via Negri, at a price of 6,500 euros per square metre;

(iii) for having failed to act against the preceding Directors, in turn responsible for not having acted against the preceding Directors - from Bernabè to Tronchetti Provera to Colaninno - in relation to: a) the excessive debt; b) the "sale at a discount" of strategic assets, both in Italy and in South America;

(iv) for the shareholders having been misled by the publication of the call notice published on the company website pursuant to the law on 1 March 2014 and containing a single item on the agenda.

During the voting, Mr. Cardillo asked that shareholder Telco be excluded from voting due to conflict of interests.

The resolution was rejected by a majority of the shareholders.

For: 98,245,326 shares.
Against: 6,741,961,497 shares.
Abstained 672,030,207 shares
All as detailed in the annexes.

The Chairman announced the result.

Next, the Chairman:
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 7,518,259,215 shares with voting rights were present, equivalent to 56.04% of the total number of ordinary shares, at 8.50 pm, put to the vote, using the televoter, the resolution proposed by the Board of Directors and transcribed below:

*The Shareholders’ Meeting of Telecom Italia S.p.A.,*

- having examined the annual financial report of Telecom Italia S.p.A.;

- in view of the authority of the Shareholders' Meeting, in the event of a lack or insufficient net profits resulting from the financial statements to meet the privilege attributed to the savings shares, to meet it by distributing the available reserves, resulting in the exclusion of the mechanism to carry over in the two subsequent financial years the entitlement to the privileged dividend not received by the distribution of profits, as stated in Article 6 of the Bylaws;

  *resolves*

- to allocate savings Shareholders the privileged dividend in the amount of 0.0275 euros per savings share, which will be applied to the number of savings shares that they own on the record date, withdrawing from the Capital merger surplus reserve for 165,718,318.18 euros gross of the withholdings required by law;

- to make the dividend payable starting on 25 April 2014, with a coupon date of 22 April 2014 (record date 24 April 2014).

*The resolution was approved by a majority of the shareholders.*

For: 7,398,132,364 shares.
Against: 32,506,662 shares.
Abstained 87,620,189 shares
All as detailed in the annexes.
The Chairman announced the result.

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And the Chairman then, in relation the second item on the agenda, invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of said vote.

The Chairman:
- since 7,518,329,658 shares with voting rights were present, equivalent to 56.04% of the total number of ordinary shares, at 8.52 pm, put to the vote, using the televoter, the resolution proposed by the Board of Directors and transcribed below:

The Shareholders’ Meeting of Telecom Italia S.p.A.,

- given the applicable legal provisions regarding the report on remuneration;
- having acknowledged the non-binding nature of the resolution required,

    resolves

to approve the first section of the remuneration report.

The resolution was approved by a majority of the shareholders.

Against: 382,906,083 shares.
Abstained 758,315,219 shares
All as detailed in the annexes.

The Chairman announced the result.

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Then the Chairman, in relation to the third item on the agenda:
- reported that there would be five distinct votes, on, respectively:
  -- the determination of the number of directors,
  -- the term of office,
  -- the remuneration to be attributed pursuant to article 2389, subsection one of the Italian Civil Code,
  -- the appointment of the Directors, using a slate voting system,
  -- the release of the elected directors from the non-competition clause, as proposed by Telco;
- reminded the meeting that resolutions other than the slate vote must be taken in the ordinary legal ways, and hence for their approval require the favourable vote of an absolute majority (more than half) of the shares with which those entitled to vote take part in the Shareholders' Meeting and as such registered at the shareholders' meeting: for the purpose of forming the quorum for resolutions (and hence of the determination of the basis for calculation upon which the achievement of a majority of 50% +1 would be checked), the shares for which those entitled may decide to abstain or express a "non voting" position shall also be included. To not be included in the shares counted for the purpose of the basis of calculation, shareholders would have to leave to meeting or otherwise the shares would have to be expressly registered as not participating in the voting;
- regarding the determination of the number of members of the Board of Directors, reminded the meeting that with the submission of the slates (i) Shareholder Telco had proposed that the number of members of the Board of Directors should be 13, and (ii) Shareholder Findim Group had proposed that this number should be 11; since Telco has a greater number of votes, its proposal is put to the vote first. The proposal of the Findim Group shall be put to the vote if the Telco one is not approved;
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 7,511,978,226 shares with voting rights were present, equivalent to 55.99% of the total number of ordinary shares, at 8.55 pm, put to the vote, using the televoter, the resolution proposed by the Shareholder Telco that the number of members of the Board of Directors should be determined as 13.
The resolution was approved by a majority of the shareholders.

For: 6,453,021,921 shares.
Against: 997,624,186 shares.
Abstained 61,332,119 shares
All as detailed in the annexes.

The Chairman announced the result, and,
- regarding the term of office, reminded the meeting that the proposal formulated both by Telco S.p.A. and by the Findim Group S.A., was to determine the term of office of the new Board to be three financial years, and hence until the approval of the financial statements at 31 December 2016;
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 7,518,274,658 shares with voting rights were present, equivalent to 56.04% of the total number of ordinary shares, at 9.00 pm, put to the vote, using the televoter, the resolution proposed both by Telco S.p.A. and by the Findim Group S.A. to establish the term of office of the new Board to be three financial years, and hence until the approval of the financial statements at 31 December 2016.

The resolution was approved by a majority of the shareholders.

For: 7,453,076,048 shares.
Against: 11,016,070 shares.
Abstained 54,182,540 shares
All as detailed in the annexes.

The Chairman announced the result, and,
- regarding the remuneration to be attributed pursuant to article 2389, subsection one of the Italian Civil Code, reminded the meeting that the only proposal received in this regard was that of shareholder Telco S.p.A., which had proposed, considering that the
number of Directors would be 13, that the total annual remuneration to be attributed to the
Board of Directors pursuant to article 2389, subsection one of the Italian Civil Code should
be established as 1,900,000.00 euros, to be divided amongst its members in accordance
with the resolutions to be made by the Board itself;
- invited those shareholders who intended to leave the room before the vote to inform the
auxiliary staff in the room so that their shares would not be considered present for the
purposes of the vote itself;
- since 7,518,247,541 shares with voting rights were present, equivalent to 56.04% of the
total number of ordinary shares, at 9.05 pm, put to the vote, using the televoter, the
resolution proposed by shareholder Telco S.p.A. to establish that the total annual
remuneration to be attributed to the Board of directors pursuant to article 2389, subsection
one of the Italian Civil Code should be 1,900,000.00 euros, to be divided amongst its
members in accordance with the resolutions to be made by the Board itself.

The resolution was approved by a majority of the shareholders.

For: 6,661,858,033 shares.
Against: 126,447,711 shares.
Abstained 729,941,797 shares
All as detailed in the annexes.

The Chairman announced the result, and,
- regarding the appointment of the Directors, to be elected by slate voting, reminded the
meeting that since the Shareholders' Meeting had determined that the number of members
of the Board of Directors should be 13,
  - pursuant to the By-laws, 10 Directors (corresponding to four fifths of the total,
    rounding down to the nearest whole number), would be taken from the slate that
    obtained the most votes. While the remaining Directors would be allocated from
    the other slates;
  - pursuant to the law and the By-laws, at least 3 of the Directors (corresponding to
    one fifth of the total, rounding up to the nearest whole number) would have to be of
    the less represented gender;
- reminded the meeting that the appointment of the so-called minority Directors would take place using the "quotients method": (i) a single ranking of all the candidates on the various slates, based on the assigned quotients, obtained by dividing the number of slate votes by the corresponding position number of the candidate in the respective submission slate, and (ii) the appointment, in order, of the candidates with the highest quotients;
- recalled that three slates had been submitted, as indicated in the booklet distributed on entering the hall:

the **TELCO Slate**, submitted by Telco S.p.A. and composed of

1. Giuseppe RECCHI
2. Marco Emilio Angelo PATUANO
3. Denise KINGSMILL
4. Flavio CATTANEO
5. Giorgina GALLO
6. Tarak BEN AMMAR
7. Laura CIOLI
8. Giorgio VALERIO
9. Jean Paul FITOUSSI
10. Luca MARZOTTO
11. Elena VASCO
12. Paolo FUMAGALLI
13. Maurizio DATTILO

the **Findim Slate**, submitted by Findim S.p.A. and composed of

1. Vito Alfonso GAMBERALE
2. Girolamo DI GENOVA
3. Franco LOMBARDI
4. Maria Elena CAPPELLO
5. Daniela MAININI

the **SGR and Institutional Investors Slate**, submitted by a group of asset management companies and international institutional investors and composed of

1. Lucia CALVOSA
2. Davide BENELLO
3. Francesca CORNELL
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 7,518,327,658 shares with voting rights were present, equivalent to 56.04% of the total number of ordinary shares, at 9.12 pm, put the slates submitted to the vote, using the televoter.

**The following results were obtained:**

For **TELCO Slate**: 3,420,864,844 shares.
For **Findim Slate**: 262,841,891 shares.
For **SGR and Institutional Investors Slate**: 3,780,506,392 shares.

Against all the lists: 21,886,066 shares.
Abstained 32,228,465 shares
All as detailed in the annexes.

The **Chairman** announced the result, pointing out that:
- the SGR and Institutional Investors Slate had obtained the most votes, and hence 10 Directors would have been taken from this slate; since, however, the slate did not anticipate this number of candidates, pursuant to the By-laws and according to the vote that had just taken place, the following persons had been appointed for the majority list,
  Lucia CALVOSA
  Davide BENELLO
  Francesca CORNELLI;
- the 3 "minority" directors on the other hand would be taken from the Telco slate, and hence the following persons had been appointed:
  Giuseppe RECCHI
  Marco Emilio Angelo PATUANO
  Denise KINGSMILL;
- as for the remaining 7 Directorships, there will be further votes, with the legal majorities (an absolute majority of votes in favour); for this purpose, he invited the shareholders to submit their proposals, which would be put to the vote as received, in the order resulting
from the application of the usual criterion, whereby the proposals presented by the proposer who alone, or jointly, on his or her own account or by proxy, disposes of more votes in the shareholders' meeting shall be put to the vote first.

The Secretary announced that shareholder Telco (3,003,586,907 shares) had delivered to the Chairman's table the proposal which was then read out and is reproduced here:

"Shareholder Telco, with reference to the voting on the remaining 7 Directors needed, as specified by the Chairman, since the Board of Directors had not been completed with the slate voting mechanism, presents the following list of candidates, pursuant to article 9.8 by the By-laws, for appointment to the office of Director, to be understood to be standing jointly as candidates:
Flavio CATTANEO
Giorgina GALLO
Tarak BEN AMMAR
Laura CIOLI
Giorgio VALERIO
Jean Paul FITOUSSI
Luca MARZOTTO”.

Mr. Clerici, representing Italian and foreign investors holding approximately 27.84% of the capital present, declared that, since he had already expressed his vote according to his instructions, he intended to leave the Shareholders' meeting, and not participate in the specific vote, since he had no voting instructions regarding it.

Mr. Toffoletto, the lawyer holding the proxy of the Findim company, emphasised that the shareholders' vote that had just occurred required all the Shareholders to pause for thought, because for the first time in many years, and in an unexpected way, the share package held by Telco had not represented the majority of votes in the appointment of the Board of Directors. Mr. Toffoletto emphasised that the Shareholders' Meeting was now called on to resolve based on a procedure, set out in article 9.8 of the By-laws, that had never been applied before, and he considered the Telco proposal to vote jointly on the slate of candidates it had presented to be a mistake; in this regard, Mr. Toffoletto appealed to the
sense of responsibility of the majority shareholder to consider the viewpoint of the market and ensure a broader representation on the Board of Directors, and therefore proposed that a joint slate be proposed that also included the first two names on the slate submitted by Findim. In this way, he continued, Telco, which as rightly happens to the relative majority shareholder, would nominate most of the Directors, but at the same time would allow a broader representation of the shareholders, which would indeed be in the spirit of a public company. If Telco should adhere to this proposal, he announced that Findim would vote in favour of such a joint slate and on the proposal to appoint Mr. Recchi as Chairman; otherwise, he concluded, Findim would, like the Institutional Investors, leave the room at the time of voting.

The Secretary announced that while Mr. Toffoletto has been speaking, shareholder Corato (66,000 shares) had submitted a slate of candidates to the Chairman's table, which was then read out and is reported here:

Jean Paul FITOUSSI
Tarak BEN AMMAR
Franco LOMBARDI
Vito Alfonso GAMBERALE

He also summarised the proposal formulated by Mr Toffoletto to put to the vote a list of candidates composed as follows:

Vito Alfonso GAMBERALE
Girolamo DI GENOVA
Flavio CATTANEO
Giorgina GALLO
Tarak BEN AMMAR
Laura CIOLI
Giorgio VALERIO.

Then, at 9.25 pm, the Chairman stated that there would be a short break in the proceedings, which would resume at 9.45 pm.

The Secretary announced that during the suspension, shareholders De Luca (10,000
shares), Della Valle (104,000 shares) and Mr. Lombardi, on behalf of Asati (100,000,000 shares) had presented the candidacy of Mr. Salvatore Cardillo, legal counsellor, born in Palermo on 15 September 1950.

At this point Mr. Cardillo asked permission to speak to present his candidacy; he stated that he was a lawyer as well as Chairman of the Sindacato Consumatori e Utenti (Union of Consumers and Users), a small association which has the merit of never having used public funds for its activities. He then recounted some of the activities and initiatives he had carried out in the past: having suggested to Cuccia, at the time Chairman of Mediobanca, to take over the BSI and Gottardo banks, an operation that was undertaken by the Generali group some months later; of having obliged UBS and other Swiss companies to certify their financial statements, at the time of a merger; of having for years fought the work of people like Mr. Tronchetti Provera in the context of operations intended to influence the control centres of the economic system, such as Mediobanca; of having contributed to found the Green List, which he subsequently left, having found that they pursued interests other than strictly environmental ones. The shareholder then ended his presentation by emphasising that he was an Italian and Swiss citizen, and considered himself primarily a scholar interested in education, economics and law. Again, he recalled that he had forced Banca Intesa di Bazoli e Passera to pay the sum of 50 million euros to the Cassa IBI, which otherwise would have failed.

He ended by assuring the meeting that if he was elected something in Telecom Italia would certainly change, quite a lot, particularly in the sense of respecting the environment, the interests of the small Shareholders, and the interests of the Country, which he considered a priority.

Mr. Toffoletto announced that Telco had not accepted the Findim proposal and therefore Findim would leave the meeting, announcing that the shareholder did not intend to leave the future of the company, in which he would continue to be involved.

Mr. Corato invited all those present to leave the room as Findim had also announced; he declared that he withdrew his proposal, since he wanted to leave the room.
The Chairman then:
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 3,003,928,022 shares with voting rights were present, equivalent to 22.39% of the total number of ordinary shares, at 9.55 pm, put to the vote, using the televoter, the following slate of candidates submitted by Shareholder Telco:
  Flavio CATTANEO
  Giorgina GALLO
  Tarak BEN AMMAR
  Laura CIOLI
  Giorgio VALERIO
  Jean Paul FITOUSSI
  Luca MARZOTTO

The resolution was approved by a majority of the shareholders.

For: 3,003,634,946 shares.
Against: 111,826 shares.
Abstained 181,250 shares
All as detailed in the annexes.

The Chairman announced the result, and,
- declared Flavio CATTANEO, Giorgina GALLO, Tarak BEN AMMAR, Laura CIOLI, Giorgio VALERIO, Jean Paul FITOUSSI and Luca MARZOTTO elected;
- informed that the task of ascertaining that the newly-appointed Directors possess the necessary requirements would be carried out by the Board of Directors itself at the first effective meeting, as indicated in the Company’s Corporate Governance Principles.
- acknowledged that the composition of the Board of Directors respected the principle of gender equality as prescribed by the law and the company by-laws, upon the first application of the regulation.
The Chairman then:

- with regard to releasing the elected directors from the non-competition clause in relation to the activities indicated in their respective curricula vitae, reminded the meeting that shareholder Telco S.p.A. had proposed to authorise its candidates for the office of member of the Board of Directors to continue the activities indicated in their respective curricula vitae and in any event, regarding these activities, to release them from the non-competition clause contained in Article 2390 of the Italian Civil Code.

- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;

- since 6,738,943,362 shares with voting rights were present, equivalent to 50.23% of the total number of ordinary shares, at 10.00 pm, put to the vote, using the televoter, the proposal of shareholder Telco S.p.A. to authorise its candidates for the office of member of the Board of Directors to continue the activities indicated in their respective curricula vitae and in any event, regarding these activities, to release them from the non-competition clause contained in Article 2390 of the Italian Civil Code.

The resolution was approved by a majority of the shareholders.

For: 3,760,650,036 shares.
Against: 2,885,193,567 shares.
Abstained 93,099,759 shares
All as detailed in the annexes.

The Chairman announced the result.

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And then the Chairman, in relation to the fourth item on the agenda:

- stated that upon submitting their slates, the Shareholders Telco and Findim had nominated Giuseppe Recchi and Vito Alfonso Gamberale, respectively, as Chairman of the
Board of Directors; since Telco has a greater number of shares in this Shareholders' Meeting, its proposal would be put to the vote first;

- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 6,745,549,580 shares with voting rights were present, equivalent to 50.28% of the total number of ordinary shares, at 10.15 pm, put to the vote, using the televoter, the proposal that Giuseppe Recchi be appointed to the office of Chairman of the Board of Directors.

**The resolution was approved by a majority of the shareholders.**

For: 6,604,986,648 shares.
Against: 65,616,589 shares.
Abstained 74,946,343 shares
All as detailed in the annexes.

The Chairman announced the result.

***

And then the Chairman in relation to the fifth item on the agenda:

- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;

- since 6,745,408,087 shares with voting rights were present, equivalent to 50.27% of the total number of ordinary shares, at 10.18 pm, put to the vote, using the televoter, the resolution proposed by the Board of Directors and transcribed below:

*The Shareholders' Meeting of Telecom Italia S.p.A.,*

- *in view of the resolution of the Shareholders' Meeting of 15 May 2012;*
- *having examined the explanatory report of the Board of Directors;*
resolves

to award the Statutory Auditors, as a supplement to the remuneration for their office already established by the Shareholders' Meeting of 15 May 2012, an individual attendance fee (the same sum for the Chairman of the Board of Statutory Auditors and for the Standing Auditors), granted at the end of the year, of 500 euros gross for each meeting which each of them has attended in addition to the 24 meetings per calendar year, starting from 1 January 2014 and with payment, in the event of a period of office less than a calendar year, of the same amount for each meeting that they have attended in number greater than the product of the multiplication by 2 of the total number of complete calendar months in which they were in office.

The resolution was approved by a majority of the shareholders.

For: 6,639,142,562 shares.
Against: 13,866,488 shares.
Abstained 92,399,037 shares
All as detailed in the annexes.

The Chairman announced the result.

***

And then the Chairman in relation to the fifth item on the agenda:
- invited those shareholders who intended to leave the room before the vote to inform the auxiliary staff in the room so that their shares would not be considered present for the purposes of the vote itself;
- since 6,745,378,386 shares with voting rights were present, equivalent to 50.27% of the total number of ordinary shares, at 10.20 pm, put to the vote, using the televoter, the resolution proposed by the Board of Directors and transcribed below:

*The Shareholders' Meeting of Telecom Italia S.p.A.,*

• having examined the explanatory report of the Board of Directors,
• having examined the information document made available to the public in accordance with the applicable regulations,

  resolves

• to approve the 2014-2016 stock option plan in the general terms described above and detailed in the information document published in accordance with the applicable regulations;

• to confer on the Board of Directors all the necessary and appropriate powers (i) to define the plan regulations, also making any amendments and/or supplements that may be necessary over time, and (ii) to implement the plan itself, also carrying out all activities necessary to comply with the pro tempore regulations in force, with authorisation to also assign ordinary treasury shares present in the Company portfolio from time to time.

The resolution was approved by a majority of the shareholders.

For: 6,510,875,014 shares.
Against: 160,582,012 shares.
Abstained 73,921,360 shares
All as detailed in the annexes.

The Chairman announced the result and, the ordinary part of the agenda having been dealt with, moved on to consider the extraordinary part, which was minuted separately, at 10.23 p.m..

The Chairman

The Secretary